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HEARINGS
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

ON THE PROPOSED
TARIFF ACT OF 1921
(H. R. 7456)

SPECIAL PROVISIONS
ADMINISTRATIVE PROVISIONS
APPENDIX

Revised and Indexed



WASHINGTON
GOVERNMENT PRINTING OFFICE
1922



14

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704
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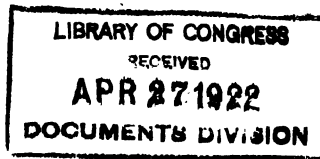
JAMES A. REED, Missouri.

DAVID I. WALSH, Massachusetts.

LEIGHTON C. TAYLOR, *Clerk.*

W. B. STEWART, *Assistant Clerk.*

II



ma 13 Apr 29, 1922

NOTE.

Believing the greatest demand for the Tariff Hearings before the Senate Finance Committee on H. R. 7456 will be only for those schedules containing the particular items in which each individual is interested, the preliminary prints have been revised and indexed and printed by schedules.

The hearings are paged consecutively and comprise the following separate documents:

American Valuation.

Dyes Embargo.

Schedule 1.—Chemicals, Oils, and Paints.

Schedule 2.—Earths, Earthenware, and Glassware.

Schedule 3.—Metals and Manufactures of.

Schedule 4.—Wood and Manufactures of.

Schedule 5.—Sugar, Molasses, and Manufactures of.

Schedule 6.—Tobacco and Manufactures of.

Schedule 7.—Agricultural Products and Provisions } combined.

Schedule 8.—Spirits, Wines, and Other Beverages }

Schedule 9.—Cotton Manufactures.

Schedule 10.—Flax, Hemp, and Jute, and Manufactures of.

Schedule 11.—Wool and Manufactures of.

Schedule 12.—Silk and Silk Goods.

Schedule 13.—Papers and Books.

Schedule 14.—Sundries.

Schedule 15.—Free List.

Special and Administrative Provisions, and Appendix containing briefs received too late for printing in the volume containing the hearings upon the various schedules.

LEIGHTON C. TAYLOR, *Clerk.*

SPECIAL PROVISIONS.

PREFERENTIAL DUTIES AND FOREIGN TRADE ZONES.

**STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR
FROM WASHINGTON.**

Senator JONES of Washington. Mr. Chairman, I want to ask that a provision be put into this bill similar to one that has been carried, I think, in every tariff bill for a great many years and which was in the Simmons-Underwood Tariff Act, but for some reason has been omitted from the bill as it passed the House. It is a clause providing for preferential duties, with the express provision, however, that it shall not apply where we have treaties to the contrary. I think that it would be well to have this provision in, because it has been included for a great many years, and we are trying to build up the merchant marine; and while, in a practical way, the provision may not amount to anything, it is a notice to other countries that we have not at any rate abandoned this policy, that we maintain it in our legislation so that if any use can be made of it at any time it will be on hand to avail ourselves of.

I submit a provision that I think is in language similar to the language heretofore used, although the rate may be a little bit different. Otherwise it is exactly the same.

(The provision referred to is as follows:)

That a preferential duty of 10 per cent ad valorem in addition to the duties imposed by law, shall be levied, collected, and paid on all goods, wares, or merchandise, whether such goods, wares, or merchandise are on the so-called dutiable or free list of the United States tariff law, which shall be imported in vessels not of the United States or vessels not built, owned, and manned by citizens of the country of which such goods, wares, or merchandise are the products or manufacture; or which being the production or manufacture of any foreign country not contiguous to the United States, shall come into the United States from such contiguous country; but this preferential duty shall not apply to goods, wares, or merchandise which shall be imported in vessels, not of the United States entitled at the time of such importation by treaty or convention or act of Congress to be entered in the ports of the United States on payment of the same duties as shall then be payable on goods, wares, and merchandise imported in vessels of the United States, nor to such foreign products or manufactures as shall be imported from such contiguous countries in the usual course of strictly retail trade.

A discount of 5 per cent on all duties imposed by this act shall be allowed on such goods, wares, and merchandise as shall be imported in foreign-built vessels admitted to registration under the laws of the United States: *Provided*, That nothing in this subsection shall be so construed as to abrogate or in any manner impair or affect the provisions of any treaty concluded between the United States and any foreign nation.

I desire, also, to call your attention to an amendment that I have offered and had printed and referred to the committee. It is known

as the foreign trade zone bill. This measure was introduced and referred to the Committee on Commerce. We had quite extended hearings with reference to it. We amended the bill in a good many particulars, and finally the bill as amended was reported from the Commerce Committee unanimously. Democrats and Republicans on the committee were heartily in favor of the proposition.

I am not going to take your time to go into it now. I have no doubt that you will look into it very carefully when you come to consider the actual framing of the bill. It seems to me that it can be worked in mighty well in the administrative features of the bill. It is very proper, I think, in the tariff bill, if you deem it wise to adopt it, and I hope that the committee will give that amendment very careful consideration and give the proposition very careful consideration as to whether or not we should do something along that line and whether or not it should go into this bill.

Senator SMOOR. Has it already passed the Senate?

Senator JONES of Washington. No; it is on the calendar but has not yet been called up. I thought, and the committee thought, that after we had reported it it was a very proper thing to be considered by the Finance Committee as one of the administrative features of the bill. I hope you will consider the report submitted, which has been printed.

I am very much obliged to you, Mr. Chairman and gentlemen, and I shall not take any more of your time.

Senator CURTIS. Will you submit a copy of the bill?

Senator JONES of Washington. You will find the amendment in the record. I had it printed and referred to your committee.

ANTIDUMPING.

[Title III, Sections 301-303.]

BRIEF OF MAXIMILIAN TOCH, REPRESENTING TOCH BROS., NEW YORK CITY.

I returned to America on November 24, after having had the opportunity of studying tariff, antidumping, and embargo conditions in England, France, Belgium, and Germany, and I am appearing before you, more or less as an individual, in order to give you such information as I believe the Treasury Department and the Tariff Commission do not possess. I would like to have it plainly understood, however, that I am not criticizing the Customs Division of the Treasury Department nor the Tariff Commission for their lack of information, because from my personal observation neither of these two departments has money enough or men enough to conduct the investigations which I personally made.

England has always been a free-trade country, but since the war she has seen her industries slipping, with every indication of going under. In 1921 she enacted a general tariff bill, called the "Safeguarding of the industries act," in which a duty of 33½ per cent has been placed on all industries which needed protection, such as optical glass, optical instruments, scientific glassware, laboratory porcelain, synthetic colors, rare earths, and chemicals. In addition to that, an antidumping law has been enacted, which became a law on October 1, 1921.

I can only quote to you part 2, section B, of the antidumping act of England, which relates to the depreciation in value of foreign currency, which we would do well to follow:

"Evidence as to price at which similar goods can be profitably manufactured in the United Kingdom. Evidence to show that the depreciation in relation to sterling of the currency of the country of manufacture is responsible for the fact that the price at which the goods are sold or offered for sale in the United Kingdom are below the prices at which similar goods can be profitably manufactured in the United Kingdom."

In addition to this England has protected her dye and synthetic chemical industry by means of embargoes and prohibitions which prevent foreign chemicals from coming into the country.

The condition in France is still more interesting, for France has enacted the tariff known as the law of September, 1921, which is composed of four distinct types of tariff. They are known as the old tariff, new tariff, favored-nation tariff, and the coefficient.

The old tariff is the tariff which existed prior to that date and applies to some raw materials not made in France and others not indigenous to France. The new tariff, generally speaking, is a very high tariff on chemicals and manufactured articles. The favored-nations tariff—from which the United States is conspicuously absent—favors those countries which France has chosen and is equivalent to the old tariff. But the most important and interesting part is what is called the coefficient. This is a number, 2, 3, 4, or more, in the fourth column of the tariff act, and which in every instance is used as a multiple of the duty assessed. For example, precipitated barium sulphate is assessed at 2 francs per 100 kilos, but carries the coefficient 5, therefore it is dutiable at 10 francs per 100 kilos. A favored nation would, however, pay 50 centimes per 100 kilos.

France has no unemployed men at present; the entire country looks very prosperous.

Belgium is in the same condition and has a high protective tariff, but I am not in possession of the latest laws on the subject.

The condition in Germany is exceedingly interesting, in view of the fact that by far the largest part of the plants in Germany are working nights. There is no unemployment, as there is no foreign competition. As I pointed out to the Treasury Department last summer (in June, 1921), Germany in addition to her high tariffs has a list of embargoes which preclude the importation of any material which can be made in Germany out of German raw material. If we wanted to retaliate by shipping 1,000 tons of barium peroxide to Germany at 5 cents per pound, it could not be done, because the material could not enter any of the customs ports of Germany.

Now I desire to call your attention to our antidumping law, enacted in May, 1921, as follows:

SPECIAL DUMPING DUTY, SECTION 202.

“(a) That in the case of all imported merchandise, whether dutiable, or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and as to which the appraiser or person acting as appraiser has made no appraisement report to the collector before such finding has been so made public, if the purchase price or the exporters' sales price is less than the foreign market value, (or, in the absence of such value, then the cost of production), there shall be levied, collected, and paid, in addition to the duties imposed thereon by law, a special dumping duty in an amount equal to such difference.

“(b) If it is established to the satisfaction of the appraising officers that the amount of such difference between the purchase price and the foreign market value is wholly or partly due to the fact that the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers for exportation to the United States in the ordinary course of trade, are greater than the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), then due allowance shall be made therefore in determining the foreign market value for the purposes of this section.

“(c) If it is established to the satisfaction of the appraising officers that the amount of such difference between the exporters' sales price and the foreign market value is wholly or partly due to the fact that the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the United States in the ordinary course of trade, are greater than the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), then due allowance shall be made therefor in determining the foreign market value for the purpose of this section.”

This shows how superficially the manufacturers in the United States are being protected under section 202 just quoted. I speak from personal experience, having had an interview with the chief of the customs division. This law clearly indicates

that, after you have shown that foreigners are selling in this country at ruinous prices, and that an industry is being injured, and is prevented from being reopened, no power or no sanction has been given to this law so that the injury may be remedied. It is, therefore, quite obvious that in the new tariff some officer of the United States must be given authority to act, and act quickly.

I furthermore call your attention to H. R. 7456, which is the tariff act of the Ways and Means Committee, and I want to point out to you that, with the exception of the dye industry, which has already been safeguarded in the emergency tariff, many parts of the bill are superficial, and carelessly drawn. Many of the mistakes which appear in the Underwood tariff, and which the Underwood bill copied from the previous tariff acts, are present in the Fordney bill, H. R. 7456.

As an example, certain chemicals are mentioned on page 5, paragraph 11, then paragraph 12 goes on to shoe polishes; and then on page 21, paragraph 64, the chemicals are taken up again from page 5.

The same contradictions which appear in former tariffs appear in the Fordney bill, as, for instance, on page 22, paragraph 74, zinc oxide ground in oil is dutiable at 2 cents per pound, and on page 21, paragraph 63, enamel paint, which is also zinc oxide ground in oil, is dutiable at 25 per cent. These contradictions lead to litigation, and even though the greater tariff would prevail, it costs the Government a great deal of money to decide these things, which should be unequivocally stated in the tariff act. Finely powdered, washed, witherite is free, but under the name of barium carbonate, which is the same thing, it is dutiable.

Much of our unemployment has been due to the delay in formulation of the tariff. Millions of dollars in duties could have been collected, and the tax burden thereby lightened.

If there be any further information that you want I will be glad to give it to you.

BARGAINING PROVISIONS.

[Title III, Sections 302 and 303.]

STATEMENT OF CHARLES H. BENTLEY, SAN FRANCISCO, CALIF., REPRESENTING THE CALIFORNIA PACKING CORPORATION AND THE NATIONAL CANNERS' ASSOCIATION.

Mr. BENTLEY. My name is Charles H. Bentley; I am vice president of the California Packing Corporation and chairman of the foreign trade committee of the National Canners' Association, an organization representing the bulk of the canning industry in the United States, including canned meats, milk, fish, fruits, and vegetables. These products all come in the agricultural schedule.

In our request for a tariff on canned foods we have been concerned not so much in the matter of securing a protective tariff as with the idea of securing a trading basis, in order that we may negotiate reductions in certain foreign countries which at the present time are shipping canned foods to this country, and will continue to do so under the provisions of the pending bill, on a much lower rate of tariff than they charge us on similar products which are going to their countries.

In other words, in our endeavor to develop foreign markets on our products we find ourselves cut off by high import duties, much higher than the duties contemplated in our own country on similar products.

In order to meet this situation two clauses have been put in the special provisions of the tariff bill—302 and 303, and 302 gives administrative freedom within certain limits, giving the President the power to raise the duty against goods coming from a given country which levies a higher rate of duty on similar products as compared with the duties in this country.

To illustrate, we are admitting products from Japan and France in the way of canned foods at a very much lower rate of duty—and will continue to do so under the provisions of the pending bill—than those countries are charging us on like and similar products. The clause as it now reads in the bill as it comes from the Ways and Means Committee has the expression "like or similar products." We are asking to have that modified, for the reason that under the rulings of the Treasury Department that expression will have to be interpreted as meaning identical products. It is obvious that identical products are not likely to move in opposite directions.

So we are asking modifications to be made in the phraseology of that clause to fit in with the interpretations of the Treasury Department built up on the decisions of the Customs Court of Appeals during many years. In other words, instead of leaving the expression "like or similar products," we are asking to have that changed to read "products of similar character, purpose, or use."

Senator McCUMBER. Now, give us an illustration.

Mr. BENTLEY. In the case of France, for example, she is shipping large quantities of canned sardines and peas; Spain is shipping canned pimientos; Italy is shipping canned olives and olive oil and tuna fish; Canada is shipping various kinds of canned fish and canned vegetables into the border towns; Latin-American countries, Argentina and Brazil, are shipping canned meats into this country under a much lower rate of duty than they charge us on our canned foods. We would like to be in a position to use this opportunity for securing reduced tariffs in those countries on the general line of canned foods.

Senator McCUMBER. I want to know particularly what you want to set off as against what is similar, or whatever phraseology you use.

Senator CURTIS. Give him an illustration.

Mr. BENTLEY. I want to ask, for example, that France reduce her tariff on canned vegetables and canned salmon coming from this country, and also canned milk, to meet the level of tariffs which exist in this country as against French exportations—

Senator McCUMBER (interposing). You desire that France should lower her tariffs on what, for example.

Mr. BENTLEY. Sardines and salmon.

Senator McCUMBER. Take that for illustration, so you can send canned cherries to that country?

Mr. BENTLEY. Or canned salmon, any kind of canned foods, but particularly canned salmon.

Senator McCUMBER. That is a pretty broad proposition; that covers the whole line, and if you have nothing of similar—

Mr. BENTLEY (interposing). We have the general idea of canned foods, Senator.

Senator WATSON. How can we induce France to enact any other sort of a tariff law?

Mr. BENTLEY. France at the present time is exacting a much higher rate of duty on canned vegetables and canned salmon which go from this country than it is proposed to levy in this country against her canned sardines, vegetables, and fruits shipped to this country, and in this she is discriminating, because she admits canned salmon from British Columbia and Canada and from Siberia, where

Japan is operating, on a very much lower rate of duty than France charges the United States for canned salmon.

And we hope in this way, by indicating that unless she lowers her duty on canned salmon and canned milk and canned vegetables, which we naturally would ship to her, that we will ask our Government to raise the tariff on French canned foods to the level that she is charging against our foods.

Senator CURTIS. What you want, is it not, is a provision authorizing the President, if advised that any country discriminates against our products, to increase the duty upon the products of that country?

Mr. BENTLEY. Products of "similar character, purpose, or use."

Senator SMOOT. Mr. Bentley, you said that in the House provision the words were "like or similar articles"?

Mr. BENTLEY. Yes, sir.

Senator SMOOT. The words are "such or similar articles"; it is not "like or similar." It says "such or similar articles." You will find it in section 302, page 207, in the bill, beginning on line 14 and ending on line 15.

Mr. BENTLEY. The expression "like or similar products" now under discussion occurs in lines 4 and 5, page 207, section 302.

Senator McCUMBER. Similar articles would not mean that if France charged us a high duty on fish that we could then increase our duties on French olives, for instance.

Mr. BENTLEY. Well, that would be a question, of course.

Senator McCUMBER. That would neither be "such or similar."

Mr. BENTLEY. We would hope that it would apply to the general line of canned foods.

Senator McCUMBER. What you want to do is to make just the broad statement that we can change our tariffs on all of our canned goods to meet the prices on canned goods of all character coming from another country?

Mr. BENTLEY. Yes, sir.

Senator SMOOT. There has never been a ruling by the Treasury Department that the words "such or similar" means "identical." There never has been a ruling of that kind, and why now bring the question up? What must have happened now that you bring this question before the committee?

Mr. BENTLEY. Because, Senator, the matter was taken up with the Treasury Department, and we were informed by the bureau which has this interpretation in hand that the expression "such or similar" would have to be interpreted as "identical."

Senator SMOOT. It has not been interpreted that way in the past, and why should it be now? Those very words have been used before, and they have never been interpreted as you say they now contemplate.

Mr. BENTLEY. We have been so informed by the Treasury Department under the rulings.

Senator SMOOT. Who was it that told you that?

Mr. BENTLEY. I was told that by Mr. Ashworth, to whom we were referred by members of the Ways and Means Committee. He stated that on the decisions of the Court of Customs Appeals they had built up what they called a table of "similitudes" or definitions, I presume they are, and that under the expression "such or similar

products" they would feel compelled to interpret that to mean "identical products."

Senator SMOOT. I think that ruling, however, was on the classification of goods rather than interpreted in the words that have been in the law so long. But when did you see Mr. Ashworth?

Mr. BENTLEY. Within the past 10 days. I should say about a week ago.

Senator WATSON. Well, we have his viewpoint, anyhow.

Mr. BENTLEY. Mr. Chairman, might I distribute these? They will show exactly what we have in mind.

(The document is as follows:)

[The words and phrases canceled are the words in the special section 302 of the new tariff bill as it now reads. The words and phrases in italics are the suggested substitutions.]

TITLE III.

SPECIAL PROVISIONS.

SEC. 302. That with a view to securing reciprocal trade and regulating the commerce of the United States with countries, dependencies, colonies, Provinces, or other political subdivisions of government, producing and exporting to the United States any article or merchandise upon which a duty is imposed by the laws thereof and for these purposes, whenever and so often as the President shall be satisfied that the government of any country, dependency, colony, Province, or other political subdivision thereof, imposes duties or other exactions, limitations, or embargoes upon ~~like or similar products of the United States~~ *products of the United States similar in character, quality, or use* which, in view of the duties imposed thereupon when imported into the United States, he may deem to be higher and reciprocally unequal and unreasonable, he shall have the power, and it shall be his duty, to suspend by proclamation said provisions of the laws of the United States imposing the duties upon such ~~articles or merchandise~~ *products* of such country, dependency, colony, Province, or other political subdivision of government, when and for such time as he shall deem just and in such cases and during such suspension, upon the importation of ~~any such or similar article or merchandise~~ *such products* into the United States whether the same ~~is~~ *are* imported in the same condition and when exported from the country of exportation or ~~has~~ *have* been changed in condition by manufacture or otherwise and whether ~~same~~ *same* has been imported directly from the country of production or otherwise, duties shall be levied, collected, and paid upon such article or merchandise or products of such designated country which shall by the President be ascertained and proclaimed to be equal to the duties or other exactions, limitations, or embargoes imposed thereupon when exported from the United States to such country, dependency, colony, Province, or other political subdivision of government.

Senator SMOOT. Mr. Bentley, you brought this to my attention the other day?

Mr. BENTLEY. Yes, sir.

Senator SMOOT. And I looked it up after you were in the office, and I found these identical words have been used, and I believe they have never been construed by the department, and the department advises me they will not be construed, as meaning "identical" goods.

Mr. BENTLEY. Mr. Ashworth's opinion was apparently based upon the decisions of the Customs Court of Appeals, and we concluded that it might be permitted to suggest wording that would be clear and comprehensive.

DRAWBACK AND BONDING.

[Title III, Sections 314 and 316.]

STATEMENT OF JAMES F. BELL, REPRESENTING THE WASHBURN-CROSBY CO., MINNEAPOLIS, MINN.

Mr. BELL. I represent the Washburn-Crosby Co. and bear the indorsement of a number of northwestern mills, some Illinois mills, and the New York Millers' Association.

Senator McCUMBER. You are to speak on the drawback proposition, are you not?

Mr. BELL. Drawback and bonding.

Senator McCUMBER. In other words, milling in bond?

Mr. BELL. Yes, sir.

Of course, gentlemen, I do not know what your committee has arranged for in the way of a duty. These administrative features are based upon the existence of a duty. While I may have to refer from time to time to a duty, I want to make my position clear and to say that we are not interested in a duty on flour, except that it should be equal to the duty on wheat. If wheat is free, then flour should be free. If, on the other hand, there is a duty on wheat, then the rate on flour should be the wheat rate applied to the number of bushels used in making the flour imported.

Senator SMOOT. I think we all agree to that.

Senator McCUMBER. There was a witness here a short time ago who, I think, spoke for the eastern millers. In addition to having the countervailing duty which we intend to allow, and which would be equivalent to $4\frac{1}{2}$ bushels of wheat to 1 barrel of flour, he wanted 50 cents a barrel. Do you see the necessity for that?

Mr. BELL. The compensatory duty, Senator, as I say, is based upon the application of the wheat rate to the number of bushels it would take to make the barrel of flour so imported. That assumes, of course, that the cost of production in the countries of export and import is the same. When you make a comparison between Canada and the United States, you find that the costs in Canada are lower than they are in the United States to begin with.

Senator McCUMBER. Now, why is the cost lower? Wages are about the same, are they not?

Mr. BELL. Yes; but upon investigation we find that a dollar of Canadian money will go as far as a dollar of American money in the production of flour. Of course, the American dollar is at a premium, so that if you take our money and invest it in Canada——

Senator McCUMBER (interposing). Leave out the question of exchange.

Mr. BELL. Unfortunately, we can not leave it out.

Senator McCUMBER. Let us suppose for the sake of argument that the exchange would be normal. Would it not then cost practically the same?

Mr. BELL. I think so.

Senator McCUMBER. The cost of production by Canadian mills and the cost of production by American mills would be practically the same?

Mr. BELL. I think it would be practically the same.

Senator McCUMBER. Then, outside of the 4.5 measure, in your own opinion the difference is in the exchange.

Mr. BELL. No. Oh, the difference in the cost is the difference in exchange; yes, sir. The difference in grades is, of course, another matter.

This question, by the way, is simply a matter of arithmetic. It takes 4.5 bushels to make 196 pounds of 100 per cent flour. That, however, is not the flour that is imported into this country and used in this country. It takes five, six, or seven bushels to make the kind of flour that you, Senator McCumber, are accustomed to use. Of course, I realize that it is almost impossible to incorporate into a tariff schedule a schedule that will make up for these inequalities in grades and costs.

I think you are as much interested in the compensatory feature as we are, because if the duty is not compensatory then the Canadian manufacturer and the Canadian laborer are going to benefit. They are given preference as regards the American manufacturer and the American laborer. Furthermore, that tends to neutralize the very benefits that you hope to secure through the enactment of a duty on wheat.

Senator McCUMBER. I think there is no question but that those who want protection on wheat will be ready to give an equivalent protection on flour.

Mr. BELL. I want to make it very clear that we do not want a duty on flour other than that. We are not interested in a duty. If you want free wheat, flour should not be subjected to a duty. We can compete with these people. There is no trouble about that. We can compete if we can do so on an equal basis. And that is what we ask.

Senator SMOOT. What change do you want in section 314?

Mr. BELL. May I make a remark with regard to the duty as it stands, Senator Smoot?

Senator SMOOT. Yes.

Mr. BELL. To-day there is included in the emergency tariff act a duty which amounts to about 58 cents in favor of the Canadian miller, and there would be 52 cents, at least, in the proposed House bill. I have prepared schedules on those which I should be very glad to file if you care to see them. As I have said, this is a simple case of arithmetic.

Senator SMOOT. You had better put them in the record.

Mr. BELL. If we can have a flour rate five times the wheat rate it would come very close to ironing out the inequalities. Four and a half times has been suggested. While it may sound unreasonable, yet if you apply it to particular grades that find entry you will find that it would not be far out of the way. It would be reasonably protective. I do not think it would be prohibitive. I think you could justify a rate of five or six times better than you could four and one-half plus 50 cents. That is my personal opinion; that is merely my personal judgment.

As to the administrative features, we have no objection to a duty on wheat, because if it will make a better price and thereby encourage production, we shall be very happy. We have all that we have invested in the production of flour. If we have a duty on wheat, however, we are anxious that it should be as constructive as possible and

a force for betterment along all lines. A mere protective duty is in itself negative; it creates nothing. Whereas we believe that these administrative features could be so altered that through the utilization of this Canadian movement of wheat through the United States, which is heavy, we could at the same time increase the benefit which it is hoped will be secured through a wheat tariff; that is, the creation of a better price, and through a better price greater production.

Senator SMOOT. What are the suggestions that you have, Mr. Bell? I haven't heard of any plan of any manufacturer to change the existing law. I do not know what changes you care to make.

Mr. BELL. The necessity for the changes I will speak about later. The changes I can give you very briefly. They relate to bonding and drawback:

Provided, That wheat flour or wheat products produced from imported wheat, or any portion thereof, may be withdrawn for domestic consumption, or transferred to a bonded customs warehouse and withdrawn therefrom, and the several charges against the bond canceled, upon payment of duty equal to the duty which would be assessed and collected by law if such flour or wheat products were imported from a foreign country.

Provided further, That where two or more products result from the manipulation of an imported article and only certain of these products are subject to duty, the several charges against such bond may be canceled upon exportation or upon delivery to a bonded warehouse, of those products which are subject to duty.

Senator SMOOT. You want to do away with the 1 per cent?

Mr. BELL. No, sir; what we want is——

Senator SMOOT (interposing). That is what you will have to do.

Mr. BELL. We have that now on by-products, but not on the principal products.

Senator McCUMBER. You may put that in the record.

Mr. BELL. We want it to read both principal products and by-products, but H. R. 7456, in transmission to the Senate, contains no such provision.

Senator SMOOT. The House provision is that where imported materials on which duty has been paid are used in the manufacture of articles manufactured or produced in the United States, there shall be allowed on the exportation of such articles a drawback equal in amount to the duty paid on the materials used, less 1 per cent of such duty.

Mr. BELL. That is right, but if the by-products were not subject to a duty, then upon the exportation of the principal product we would like to have a drawback.

Senator SMOOT. You would get it whatever duty you paid.

Mr. BELL. That has not been the case, Senator.

Senator SMOOT. Suppose that the wheat carries a duty as it does now and you get wheat from Canada and make flour out of that wheat and then export it. You do not have a duty.

Mr. BELL. Suppose we have to export feed. We can not export feed if——

Senator SMOOT (interposing). I believe I see what you want now; but I do not know whether that could be put into a general law, because in some cases it will not do at all.

Mr. BELL. It would not?

Senator SMOOT. No.

Mr. BELL. I am not familiar with the other cases.

Senator SMOOT. What you want is this: You want that wheat to come in, say, at 45 cents. If you make that into flour that you can retain in this country, then you can accomplish your purpose.

Mr. BELL. If it is not dutiable.

Senator SMOOT. Yes; if it is not dutiable. You would pay nothing on it at all.

Mr. BELL. Nothing at all.

Senator SMOOT. And you would pay only 1 per cent on the flour itself.

Mr. BELL. That is right.

Senator SMOOT. But that would not work out with some of these other things.

Mr. BELL. It would not?

Senator SMOOT. No.

Senator McCUMBER. Do you export the by-products?

Mr. BELL. Very little, Senator. The quantity is negligible. It does not amount to anything. It does not lend itself to ocean transportation. Bran, for instance, heats readily in railroad cars.

Senator SMOOT. You have never had trouble selling it, have you?

Mr. BELL. No; the supply is always short.

Senator SMOOT. We could not make it a general law.

Mr. BELL. We have asked for a specific provision.

Senator SMOOT. Have you the wording as you want it on the record?

Mr. BELL. Yes. I have prepared a short brief, which is not more than four pages long, and have bound with that the wording of the provisions that we would require. I am going to ask the privilege of filing a supplemental brief, with proper references in the brief, so that if you want to go into the matter the material is there. The brief, as I say, is but four pages.

Senator McCUMBER. You may insert it in the record.

Mr. BELL. The other clause is the bond provision.

Senator SMOOT. That is section 314?

Mr. BELL. Yes, sir; section 314.

Bonding provisions which will permit withdrawal of the principal product or by-product from bond upon payment of duties equal to that imposed upon similar articles of import.

Senator McCUMBER. Will you illustrate just what you mean by that?

Mr. BELL. Senator McCumber, we bring in wheat in bond and we want to withdraw that for domestic consumption. We manufacture it into flour and feed. We wish to withdraw it for domestic consumption. We ask the privilege of doing so upon the payment of a duty equal to what the Canadian miller would pay if he sent the flour into the United States.

Senator McCUMBER. You want a higher duty than the duty on the wheat?

Mr. BELL. No. We want it so that it is equal. We want to pay only what the Canadian miller would pay. To-day we pay more. To-day we pay about 59 cents more than he does on the same quality of wheat. If, for instance, I manufacture a unit of wheat at, say, Fort William, and I manufacture that same unit of wheat on this side of the Canadian line, it costs me 59 cents more than on the Canadian side. That is a pure case of arithmetic.

Senator SMOOT. That would be a case of arithmetic.

Mr. BELL. It does seem to us that you would want a duty that is compensatory as much as we want it.

Senator SMOOT. 59 cents a hundred?

Mr. BELL. No; 59 cents a barrel. It is rather an obsolete term. It is the old term "stone." Unfortunately, it is one of the remaining trade names. We think that is a perfectly fair request, because to deny it would be to acknowledge that the duty is not compensatory, and in doing that we would say that we were giving preference to the Canadian manufacturer and to Canadian labor and making possible the introduction of flour into the United States. It means that the farmer, instead of selling wheat in the United States, sells that same quantity of wheat abroad. He loses the sale in the domestic market. The tariff on wheat would aim to prevent that thing. It would seem that if this duty is not compensatory, and if this bonding proviso is not granted, that we would be neutralizing the very benefits that you hope to secure through a wheat tariff.

Senator SMOOT. Let me see if I understand. The wheat comes from Canada and goes into the bonded warehouse?

Mr. BELL. Yes, sir.

Senator SMOOT. A month from now you want to make that wheat into flour.

Mr. BELL. And feed.

Senator SMOOT. You withdraw it for that purpose, and it is in a bonded mill.

Mr. BELL. Yes, sir.

Senator SMOOT. You manufacture flour and feed?

Mr. BELL. Yes, sir.

Senator SMOOT. At the same time?

Mr. BELL. Yes.

Senator SMOOT. Now, what you want is to export the flour.

Mr. BELL. No.

Senator SMOOT. That is the other end?

Mr. BELL. That is the other end.

Senator SMOOT. When you get it over, what do you want to do?

Mr. BELL. I want to pay the same duty that the Canadian miller would pay on the flour and on the feed, and keep it for distribution in the United States.

Senator SMOOT. If you did that, then that part of the wheat that was made into bran or some other by-product would bear no duty.

Mr. BELL. I pay both. I want to pay the duty on flour and on feed.

Senator SMOOT. You do not want to pay the duty then until you have withdrawn it for sale in the United States.

Mr. BELL. Yes. I want to be sure that the duty is compensatory. To-day I would have to pay a penalty of 59 cents as compared with the Canadian miller. In other words, the Canadian miller, Senator Smoot, could bring that in at 59 cents less duty.

Senator SMOOT. If he ships separately as flour and feed?

Mr. BELL. Yes.

Senator SMOOT. Well, that is what I meant.

Mr. BELL. If I bring it in as wheat I pay on it as wheat. He pays on it as flour and feed. The difference is 59 cents in his favor. Of course, every barrel of that flour brought in destroys the sale of that amount in the United States.

Senator SMOOT. The principle is the same, only one is a withdrawal.

Mr. BELL. The principle is exactly the same.

Senator McCUMBER. It will help you in this respect, that you can take advantage of either market, whichever happens to be the most valuable.

Mr. BELL. There should not be any difference.

Senator McCUMBER. If the export market happened to be the most valuable, of course you would grind for export.

Mr. BELL. Exactly.

Senator McCUMBER. If it were advantageous to use it in the United States, you want that privilege just as though you had bought the flour in Canada?

Mr. BELL. Yes, sir.

Senator SMOOT. You will put that in the record in the wording that you have?

Mr. BELL. Yes. I have the wording here. This brief, as I say, is only four pages long, and the provisions are bound in the back part of it.

Senator SMOOT. We could not remember them.

Mr. BELL. I thought possibly you might want to follow them as we go along.

Senator McCUMBER. You may put it in the record.

Mr. BELL. The third provision, and one which is designed to utilize this movement of Canadian wheat within the United States and which up to 1916 was 60 per cent of the total Canadian export movement that passed through the United States, is this:

Bonding and drawback privileges allowing charge against the bond to be canceled or satisfying the drawback upon exportation of like weight of the principal product.

This latter provision, in effect, would permit the American miller to export 100 pounds of flour in full liquidation of 100 pounds of imported wheat, even though he had produced from the 100 pounds of wheat so imported approximately 70 pounds of flour and 30 pounds of feed. The 30 pounds of feed under this simple plan would be retained in the United States where it is much needed, and 30 pounds of American flour made from American wheat bought at American prices and which would otherwise be sold at the export price, would find its way into the export markets of the world with the flour products of every 100 pounds of Canadian wheat so imported.

Now, the first thing you are going to say is that that circumvents the duty on feed. I want to make it clear to you that in order to do that we must pay a penalty, a penalty which is greater than the amount of the duty on that feed, because in order to liquidate either the bond or the drawback we must purchase and use 43 per cent of American wheat with it. We, as millers—and the milling industry is the fourth largest industry in the United States; it is very large and very important to the wheat producers—do not want any extra privilege as compared with the other export nations, but we want the same opportunities that they have. We have demonstrated in the past that we can manufacture flour successfully in the United States and sell it at a very low margin as between producer and consumer and that we

can compete with the balance of the world, but we can not compete with the balance of the world if they have privileges which have been denied to us. The fact that we have fallen off to the extent of about 45 per cent and have lost in recent years 9,000,000 barrels of flour and 45,000,000 bushels of wheat is pretty self-evident proof of the advantages enjoyed by these other nations.

Senator McCUMBER. But the increase in consumption in the United States has been equivalent to the loss in export, has it not?

Mr. BELL. I think it is more than that, Senator. The population increase was about 40 per cent. Our milling capacity, unfortunately, increased much more rapidly than that. We have a potential capacity of 315,000,000 barrels a year. We make nearly 124,000,000 barrels. That is the most we have ever turned out—124,000,000 barrels.

I do not think that you should regard the subject just in the light that you have intimated, because our output of flour has increased 15.9 per cent in the period from 1899 to 1920, while the population has increased 39.6 per cent, so that you can see that the output is not equivalent to the increase in population.

Senator McCUMBER. We have not increased the exportation of wheat for milling over previous years, have we? I am speaking now of the proportionate share.

Mr. BELL. The percentage of wheat that goes out is difficult to determine. The quality of it is also difficult to determine. We are sending out more wheat than—

Senator McCUMBER (interposing). Take the proportion of wheat that is raised in the United States and the proportion that has been ground into flour in the United States. Is not the relation between the two rather stable?

Mr. BELL. We have about 10 per cent as export. Whether it goes as wheat or flour does not change the total, but whether it goes as wheat or flour has a decided bearing so far as the American producer is concerned.

Senator McCUMBER. That is the reason I was asking whether or not the proportion between what is ground and what is sold abroad to be ground has not been practically maintained during these years?

Mr. BELL. Yes. We have reached an equilibrium in that. Fifteen years previous to the war we had practically reached an equilibrium in wheat production, and I think that about 10 per cent of our crop was for feed requirements.

Senator McCUMBER. I wish you would go on and make your case. I shall not ask you any more questions for a while. Later on I shall ask for information on the whole drawback question and its effect upon the price of grain and as to what extent, if any, it nullifies the benefits of any protective tariff.

Mr. BELL. Very well. My own opinion in that regard is that it helps it very much and does not nullify it, but that is a matter of personal opinion.

Senator McCUMBER. I should be very glad to be convinced of that.

Mr. BELL. While we have undergone a decrease in export flour of 43 per cent, Canada has increased 275 per cent. She is replacing us in the markets of the world. American brands hold prestige the world over. As nearly as we can figure it out, we had in 1903 about 68 per cent of the total flour business of the world. To-day that has

dwindled to less than 40 per cent. Canada is fast forging ahead. It is very difficult to get accurate figures from any of those Governments. We of the trade feel that Canada's surplus movement is about 200,000,000 of bushels, and that is almost a third of the total international movement of wheat.

Senator SMOOT. That decreased percentage comes from the fact, does it not, that Japan and China are using a great deal of flour and that they did not at the time you had 68 per cent of the total?

Mr. BELL. I did not take that into consideration in my figures. There have been no figures compiled of the world movement other than those that Mr. Esterbrook made up quite a number of years ago. I took those figures. They amounted to 28,000,000 barrels a year. I took those figures and applied them back to 1903. There was nothing else to do.

Senator SMOOT. We do know, however, that there has been a wider distribution of flour to the peoples of the world than there was in 1903.

Mr. BELL. Yes; I think we can safely say that. But I took them for the normal prewar years. However, we do know that Canada is going ahead very rapidly, and you can see that since her proportion of the total is so great, what a tremendous effect that has on the prices all over the world. Canada sets the standard of grades and prices. She has had a lower price. Our prices in this country have been higher than the Canadian prices. She has had the benefit of the lower price and other nations have had the benefit of this same privilege of which I have spoken, and so they have put us out of the market.

Senator McCUMBER. You do not agree to the general proposition that the wheat price in the United States is fixed wholly by the Liverpool price?

Mr. BELL. It goes up and down with the Liverpool prices.

Senator McCUMBER. With the world prices?

Mr. BELL. With the world prices, but it is at a higher level in that up-and-down movement than the Canadian price. There is no question about that. That runs up as high as 70 to 80 cents at times. We bring in cheaper Canadian wheat with which we hope to meet Canada's goods in the world market. We can not use it as 100 per cent. We are asking for the same privileges as the other nations have. We are saying that the American miller must buy 43 per cent of American wheat at the higher American prices and incorporate it with that cheaper priced wheat and meet Canadian competition based on a lower price for wheat. We are willing to take a chance. We believe that we can do it. If we can, it means that we have carried 43 per cent of American wheat into the world as flour at a better price than that wheat would have brought as grain. That is the reason why this is a constructive feature and one which assists in carrying out the purposes of the tariff.

It is true that feed is needed in this country. We do not pay a duty on that, but we use all that we save and a great deal more in buying the higher-priced American wheat and incorporating with it the Canadian wheat.

Senator McCUMBER. Where do you get the lower grade of Canadian wheat?

Mr. BELL. Senator, there have been no poor grades of wheat.

Senator McCUMBER. You are speaking of a poor grade of wheat, are you not?

Mr. BELL. No. At least I did not mean to say that. I referred to the lower price of Canadian wheat, because the Canadian price is lower than the American price.

Senator LADD. Isn't it true that they paid to the farmer \$2.15 in March and April; that they sent a check for 30 cents additional later on, and that in November and December they sent another check for 15 cents, making \$2.68 altogether? At the same time the American farmer was receiving from \$2.03 to \$2.08?

Mr. BELL. That was evidently a subsidy, because the price of the wheat in Winnipeg is given here in my figures. I can read them.

Senator McCUMBER. The Winnipeg price means Port William or Port Arthur?

Mr. BELL. Yes; although Winnipeg is always given.

I want to bring to your attention the fact that under this provision, as we have drawn it, the identity of the wheat is not required. Immediately you are going to raise the point that this permits substitution. Substitution is possible in theory but not in practice. I can not go out and meet competition on goods of set standards, price, and quality and use a lower grade of goods. The identity here is not necessary. If it is attempted to preserve the identity straight through, it robs the business of that elasticity which is so necessary, and that furthermore it puts an added burden upon the manufacturer and upon the commodity which is already laboring under a very considerable handicap by reason of the fact that we have undertaken to incorporate with the wheat 43 per cent of the high-priced American wheat.

Senator SMOOT. Let me ask you a question at this point. It is something that has come up in connection with sugar and other commodities. If that were granted to the millers of the United States, would it not be used by them to break the price of wheat in this country at any time?

Mr. BELL. It could not.

Senator SMOOT. Certainly it could with sugar. I do not know whether it could be with wheat.

Mr. BELL. Perhaps I do not get your point.

Mr. SMOOT. In other words, they might simply go to work and put so many bushels of wheat in bond. They could substitute wheat for that at any time, and they could break the market with Canadian wheat; that is, they could ship it in here and they could later substitute American wheat for it. While using that in the United States markets they could depress the American prices. I know what they can do with Cuban sugar. I don't know whether you can do the same thing with wheat or not, because of the fact that there is a demand, of course, for nearly all the wheat, and you are an exporter of wheat. That may make a difference; but if you were in the position of depending on Canada for your wheat supply, any provision of that kind would be very detrimental, I believe, to the wheat growers of the United States. However, being an exporter of wheat, I do not know whether it can be done or not.

Mr. BELL. I was one of the unfortunates selected as a member of the sugar board, of which I was treasurer, and I know something about the sugar business in that way, although they put a blacksmith in to do a watchmaker's job. The position, I may say to you, is not analogous in this respect. Under this proposal I must become a buyer in the American market of 43 per cent of the goods that I import. I can not discharge my obligations and I can not get the benefit of this thing unless I do. The sugar does not have to come.

Senator SMOOT. That is the reason I asked the question. I know that it is a different situation in some respects, at least.

Mr. BELL. It is a different situation. We have to come in, and therefore, instead of depressing the market, we are buyers of 43 per cent of every 100 per cent brought in. So you can see the position is not the same.

Senator SMOOT. I recognize the fact that there is a difference.

Mr. BELL. This is a very important matter, and I hope you will pardon any strong emphasis that I put on this thing. I want to bring it up in its entirety if I can, because, as Senator McCumber will understand, I think we want to do all we can in the Northwest to encourage production there.

Senator McCUMBER. While you are on that subject, I may say that Senator Smoot has anticipated to some extent some of the points that I had in mind, but I want to ask some questions right here in order that I may have more information on this phase of the subject.

Mr. BELL. I shall be very glad to give you any information I am able to.

Senator McCUMBER. What is your estimate of the crop of grain of hard spring wheat in the spring-wheat States from which you get your flour?

Mr. BELL. I suppose our crop would run——

Senator McCUMBER (interposing). I mean, now, outside of macaroni, that being used mostly for special things.

Mr. BELL. I can say that our crops would run somewhere in the neighborhood of 200,000,000, of which at the present time 40 per cent is durum, and therefore unsuited.

Senator McCUMBER. That would be about 160,000,000?

Mr. BELL. That would be an average of this year's crop. The crop will not run 179,000,000—the spring crop.

Senator McCUMBER. It will be about 179,000,000 of spring wheat?

Mr. BELL. That is a pretty long guess.

Senator McCUMBER. Leaving out the macaroni, I mean.

Mr. BELL. We would expect of the crop in the Northwest somewhere around 160,000,000 bushels.

Senator McCUMBER. That would include Minnesota, South Dakota, and eastern Montana?

Mr. BELL. Yes, sir.

Senator McCUMBER. 160,000,000?

Mr. BELL. On the average; yes, sir.

Senator McCUMBER. What proportion of that 160,000,000 is ground into flour by the American mills?

Mr. BELL. A very large percentage. All they can get.

Senator McCUMBER. Practically all of it?

Mr. BELL. Pretty nearly. It is our own fault if it is not.

Senator McCUMBER. We export practically none of this spring wheat as wheat, do we?

Mr. BELL. I hope not, sir. If we let any get by it is our fault.

Senator McCUMBER. 160,000,000 is a short crop for that section, is it not?

Mr. BELL. 160,000,000 without durum wheat is not such a short crop; no, sir.

Senator McCUMBER. As a matter of fact, you can grind considerably more than 160,000,000 bushels and find a market for it in the United States?

Mr. BELL. Oh, there is no question about that.

Senator McCUMBER. And abroad.

Mr. BELL. I say, if we let any get by it is our own fault.

Senator McCUMBER. I understand it. I am glad of it.

Mr. BELL. May I interject this into the situation? We are faced with a pathological condition up there in the Northwest which is very far-reaching in its significance. Unless we eliminate and exterminate this rust, Senator McCumber, the Northwest will cease to grow wheat. I have come here from some meetings that we have been holding.

Senator McCUMBER. I can mention another danger that is greater than that. Unless they get better prices for their wheat they will cease to grow it.

Mr. BELL. I agree with you thoroughly on that. Prices will be improved through the extermination of this rust. We are raising approximately \$200,000 to exterminate rust. We are working toward having a real efficient organization. I believe it will accomplish a great deal. The Government has not come to our assistance, so we have taken the matter up through private subscription. If we can raise \$200,000 and have it continue for two or three years so that we can spend \$600,000 or \$800,000 in our operations I believe that we will succeed.

Senator McCUMBER. How much of this same kind of grain does Canada raise?

Mr. BELL. Canada is practically in the position of raising all of that kind of grain. I mean that all she raises is that kind of grain.

Senator McCUMBER. She raised for 1921 about how many bushels?

Mr. BELL. About 329,000,000 bushels.

Senator McCUMBER. She will use for home consumption how much? I mean by that what will be ground into flour and used for food and consumed in Canada?

Mr. BELL. I have been trying to get at those figures for a long time, Senator McCumber, and the best estimate I can give you is somewhere along between 140,000,000 and 160,000,000 bushels.

Senator McCUMBER. You think it would be 160,000,000?

Senator CURTIS. I have seen estimates in the newspapers that ran from about 120,000,000 to 140,000,000.

Senator McCUMBER. I do not know what they would use it for. There is about 10,000,000 population in Canada. They consume a little over a barrel per capita, as I understand it.

Mr. BELL. I have some figures here. The Tariff Commission published these figures. I will say that I was not figuring on the seed.

During the time that we were trying to allocate these wheat allotments Canada brought these figures forward and showed that her consumption was higher than our own.

Senator McCUMBER. You say that we will raise 160,000,000 bushels and that Canada will raise about 170,000,000 that she is to export. She has to export every bushel in some market, does she not?

Mr. BELL. Yes, sir; in some form.

Senator McCUMBER. Suppose we put 25 or 30 cents a bushel upon the Canadian wheat and we are a little short of the American wheat: If we are short and the millers want that American wheat and it does not come in fast enough to suit them, they necessarily bid the price up a little.

Mr. BELL. A very considerable amount.

Senator McCUMBER. And the shorter the crop, of course, the greater the price.

Mr. BELL. Yes, sir.

Senator McCUMBER. We will suppose that we are on the deficit side, and at the time at which we need a greater price per bushel because of that deficit, we find Canada on the other side of the line. The American miller then says, "I do not need to look to the American field; I can go across the line to Canada; I can take every bushel there, or as much as the American crop raised in the Northwest, and inasmuch as I am exporting a considerable amount, whenever I want to export I can use the Canadian wheat and thus keep my mills going without the payment of 1 cent per bushel, considering the drawback." For the life of me, I can not see what particular advantage we can get from a protection of 30 cents a bushel if you can reach right over on the other side and tap the Canadian bin and supply your every demand.

Mr. BELL. At 30 cents we could not, unless the American public demanded a certain grade that we were unable to furnish. Then we would have to walk up over the tariff wall, but our American price has been protected to the extent of 30 cents. We can not use it in the United States.

Senator McCUMBER. If you grind Canadian flour you can keep the mills going. We have to keep the foreign export trade.

Mr. BELL. Yes, sir.

Senator McCUMBER. You have to retain that market and you will retain that market if it is possible, even if you make no profit, rather than lose it. That is proper business.

Mr. BELL. Yes.

Senator McCUMBER. You will seek in every way, of course, to maintain it without losing, and if the competition on account of the world's crop is so great that the price of wheat is driven down in Canada and throughout the world, but the particular grade that we raise in these Northwestern States as a result of being on the deficit side and standing alone with no competitor is very much higher in price, you are able by the drawback provision to practically nullify the tariff protection entirely, or at least nullify it to a great extent. That has been true, because, while we maintained 25 cents a bushel for years, we have never had 25 cents a bushel better price for our American wheat, even though we had an exceedingly short crop. I think there was only one year in which we had a poor crop, and at that time for months we nearly measured up with the Liverpool price.

Mr. BELL. Of course, it would be hardly fair to take the average of the whole American crop and say that it is not up to the duty between Canada and the United States, because there is a marked difference in the quality of the wheat.

Senator McCUMBER. I am segregating this hard spring wheat entirely from the rest of the wheat that is raised in the United States, because that is all that we raise and that is practically all that you grind in your section of the country.

Mr. BELL. Yes; but there are some hard wheats from the Southwest. It is coming to be quite a factor.

Senator McCUMBER. That will, of course, affect it.

Mr. BELL. That finds its way abroad.

Senator McCUMBER. That will be a sort of substitute for the northwestern wheat.

Mr. BELL. To a certain extent.

Senator McCUMBER. I have tried to present to you just as nearly as I could what appears to me to be the great danger to our farmers in North Dakota and Minnesota, especially western Minnesota, in being deprived of tariff protection at the time when they most need it; that is, when there is a short crop. If you can explain that to me, I shall be very glad of it.

Mr. BELL. I shall try to do so.

Senator McCUMBER. I want to say that I have asked Senator Ladd, who has made a special study of the matter, to be present and ask you any questions that he desires to ask.

Mr. BELL. I shall be very glad to answer them here, or I shall be glad to meet you and Senator Ladd and go into a longer discussion than we can have at this time.

Senator McCUMBER. I think it would be well to make it as clear as possible now.

Senator SMOOT. In your answer to Senator McCumber's question I should like to have you differentiate as between a condition where you export a product to a country and where you do not export but have to import for American consumption.

Mr. BELL. I am afraid that I did not follow you, Senator Smoot.

Senator SMOOT. I will put it this way: We import and must import sugar from Cuba.

Mr. BELL. Yes, sir.

Senator SMOOT. I know that under that condition, where we are compelled to import and we do not export anything at all, that their request here would have a detrimental effect upon the producer of sugar in this country.

Mr. BELL. Yes, sir.

Senator SMOOT. In your answer I would like to have you differentiate so I can follow it.

Mr. BELL. I think I understand you now.

Senator SMOOT. What is the difference between the condition as to sugar and the condition as to wheat, wheat being produced in this country to an extent greater than it is consumed?

Mr. BELL. There being a surplus?

Senator SMOOT. Yes; a surplus.

Senator McCUMBER. I want to ask Senator Smoot to keep in mind all the time that the wheat produced in the northwestern section is never greater than the amount that can be consumed right at home.

Senator SMOOT. That is what I wanted him to do this for.

Mr. BELL. I understand, I think.

Senator SMOOT. We have a surplus with us.

Senator McCUMBER. We have a surplus of winter wheat.

Mr. BELL. Canada's great surplus gives her a dominating influence in the world's markets. She to-day sets the standard for price and quality. She has for many years had a big influence on quality and on price, and to-day she has practically a dominating influence. When we say that we are meeting the world's competition, it really means that we are meeting Canadian competition.

Now, we could go over into Canada and get a mill over there and we could buy under the same conditions they do and sell under the same conditions they do. However, we do not want to do that. We have an American mill over here. If we go out and sell from this American mill in the world's market we have to meet that Canadian standard of quality and price. Now, the American price for similar grades of wheat is higher by reason of the duty or by reason of the heavy demand that exists in the United States, because I believe the demand itself is sufficient to raise the price from Canada regardless of the duty, although I have no objection to the duty. In fact, if it will encourage production, I am strongly in favor of it. Therefore we can not sell in the world's market against Canadian competition except at a loss. We want to operate our mills continuously. Continuity of operation is the thing which enables us to operate successfully and efficiently and economically and helps to reduce the margin as between the consumer and producer in the United States market. If we lose the export business it stands to reason that the English wheat that formerly went abroad as flour and sold in the domestic market at the domestic price is going at the world's price level.

I do not care how you figure it out, that is the sum total of it. If the surplus moves as flour, it goes at our price; if it moves as wheat it goes at the world's price. We say that we could use domestic wheat for domestic requirements. When it comes to the export wheat, we say let us step over into the Canadian lines. We do not ask for the privilege of 100 per cent on that wheat and of meeting competition based upon 100 per cent. We simply say, "Let us step over the line and take a portion of it and mix with it 43 per cent American wheat." That 43 per cent is either going out of the country in the form of wheat or flour. If it goes as flour, it is going to bring about a better price. There is no question about that. I can not use that Canadian wheat under the proposal which I make here unless I pay a duty. I can not use it unless I incorporate with it 43 per cent of the American wheat. That is what we ask. We are asking the privilege of going up against Canada, against Great Britain, and against French mills under this handicap, and yet I say to you that because of American methods and American efficiency and America's position with reference to the markets of the world, we will be able to carry the load. That load means 43 per cent of the higher priced commodity blended with a lower priced commodity going out to meet 100 per cent of the lower prices.

Senator CURTIS. What effect will that have upon the people of Kansas and Nebraska?

Mr. BELL. What effect?

Senator CURTIS. Yes. We export flour.

Mr. BELL. You have the same privilege.

Senator CURTIS. Yes; but the freight rates would be such that we could not afford it. We could not afford to bring wheat from Canada and pay freight rates and compete with you people on the line.

Mr. BELL. I think you will find that the railways would come to you. To-day you can come down from the Lakes and come down through the valley and to the Gulf on just as good a basis as we can—a better basis than we can from Minneapolis. In some sections this will not help, but what helps a large portion of the industry must help the whole. Competition in the milling business has reached a point where it is destructive. There is not enough concentration of volume at one time and one point to insure the greatest economy of operation, and the American public pays the bill.

Now, if we can cut off pressure that comes that way and gives the mills a greater per cent of operation, this cutthroat competition is going to cease, and the American public is going to get the benefit of economy of production.

That movement of this Canadian wheat through this country has been valuable in a great many ways. It has represented practically 200,000 carloads of tonnage a year. Canada is doing her level best to divert that movement over Canadian rails. That she has succeeded is evident from figures for the last few years. Without the magnet of commercial attraction to bring that Canadian wheat through the United States, all that valuable tonnage will be lost. There is no question about that.

Now, we need feed, we need fertilizers, we need everything that we can get, gentlemen, to have our wheat ground at home. We have lost 43 per cent of our export trade, and we will lose all in a short time unless we are put on a basis of equal opportunity with other exporting nations, and I say to you that this proposal that we have made does not put us on a basis of equality with the other nations, but it gives us an opportunity to go out and see if, through efficient methods, we can not meet and beat them. We realize that it is a difficult proposition, but we are willing to take our chances, and I say to you that through this means, which is one of the most constructive things ever offered, we are going to increase the demand in the home markets for American wheat of all kinds and character.

Senator CURTIS. Have you a printed brief there?

Mr. BELL. Yes, sir.

Senator CURTIS. You had better make it a part of the record.

Mr. BELL. Have I made myself clear in answering your questions?

Senator SMOOT. Yes; I can see the difference.

Mr. BELL. If I may have the privilege after the first of the year to come to see you, I shall be glad indeed. I think, gentlemen, that I have nothing else to say unless you want to ask me more questions.

**BRIEF OF JAMES F. BELL, REPRESENTING THE WASHBURN-CROSBY CO.,
MINNEAPOLIS, MINN.**

We assume it is the desire of this Congress not only to encourage American wheat production, but equally American manufacture and the use of American facilities in the growth and development of the Nation's export trade.

In full confidence of this attitude, we, as representatives of one of the greatest of our national industries, one in fact that is fourth in rank, beg to call your attention to certain administrative features of the tariff which should be amended to harmonize with the protective character of any tariff imposing a duty on wheat which Congress may make at this time or later.

As we are without knowledge of the proposed duties upon wheat and wheat products which your committee in its wisdom will recommend, we must as-

sume certain principles and refer to them throughout the argument, since it is upon these that the administrative features are based.

In the matter of a tariff on wheat and its products, the wide extent of the country, the differentiation in the kinds and character of wheat raised, the changing demand in quality and the highly important fact that we are a surplus-producing Nation, introduces so much of theory into the subject that it is difficult to determine whether free entry or protection serves the best interests of all parties.

Since we are a surplus-producing nation, it necessarily follows that the inclusion in a tariff act of a duty on wheat must have as its primary object, encouragement in production of wheat and the manufacture of its products.

Increased production follows in the wake of better prices, but the problem of the manufacturer of wheat products is unfortunately not dependent upon such a simple law.

The operation of the present schedule furnishes indisputable proof of wide discrimination and inequalities and that the relationship between the raw material and the finished product must be carefully preserved, otherwise the purpose of the duty would be entirely destroyed and both producer and manufacturer injured (see supplementary note No. 1).

On an equal basis of opportunity, not privilege, with other wheat-producing countries, the American miller can furnish flour to United States trade at a minimum margin as between producer and consumer and can also successfully compete in the open markets of the world. It is essential that he should do both, since the present milling capacity of the United States makes a foreign outlet necessary if the mills are to operate on an efficient and economical basis and to maintain the narrow operating margins which have marked the history of the industry (see supplementary note No. 2).

At the present time Canada (fast becoming a leading factor in the wheat markets of the world), with cheaper lands, cheaper labor, cheaper prices and increasing production, is gradually absorbing a very large proportion of the foreign trade which formerly belonged to this country (see supplementary note No. 3). The fact that the American export flour trade in the year immediately prior to the World War, 1914, was nearly 50 per cent less than 10 years earlier is ample demonstration of the displacement of our trade by Canada, whose exports of flour in the same period had increased over 200 per cent (see supplementary note No. 4).

The Canadian miller has manufactured flour and has always shipped it in bond through the United States without the payment of any customs duty and in full enjoyment of our transportation facilities. Under similar manner and privileges, 60 per cent of the Canadian export movement of wheat has passed through the United States (see supplementary note No. 5).

The replacement of American flour by Canadian brands through lower prices and good quality has increased the percentage of our wheat shipments in the form of wheat instead of flour, decreased the home markets for our wheat, and resulted in our shipping abroad increasing amounts of valuable feeding and fertilizing elements contained in the grain (see supplementary note No. 6).

A duty on wheat may increase the price in the domestic markets, but the surplus will still continue to go abroad at world prices (see supplementary note No. 7). Unless means are provided to maintain continuity of operation in American mills commensurate with their former export output, the home market for that considerable portion of the wheat crop that formerly went abroad as flour will be destroyed and an increasing percentage of wheat will be sold for export, not at the home price which a duty aims to improve, but at the world's price.

Further, the decreased operation of American mills widens the margin of manufacture and increases the relative cost of flour in the United States.

The corresponding decrease in the production of mill-feeds (already wholly inadequate to the demand) raises the price of these essential commodities and gives added impetus to the importations of dairy products from those countries who have a surplus of feed or who are acquiring same by increased importations of wheat in replacement of former supplies of flour (see supplementary note No. 8).

The large number of failures which have been recently recorded in the industry are indicative of the inequalities of existing conditions, which make operation both costly and hazardous.

If the producer of wheat is to get full benefits arising from a duty on that commodity, the manufacturer of wheat products must also be given equal pro-

tection on flour in the home markets and placed on a parity with other manufacturing countries in the world's market.

In recognition of equal protection to both the producer and manufacturer, we conceive as proper a duty on flour commensurate with the duty on wheat (specific or ad valorem in both cases) (see supplementary note No. 9).

NOTE.—As to the rate of duty on feed, in view of the fact that the domestic supply is inadequate to the demand, this is left to the wisdom of your committee without recommendation.

Equal opportunity in the world's market to the United States miller with other exporting nations, if not secured through free access to the great supply of Canadian wheat without duty, rests in the administrative features, based upon a tariff that is alike in its protection to the producer and manufacturer. These administrative features should permit facilities for grinding Canadian wheat for the export trade, which may be accomplished through:

(a) Bonding (note 11B) and drawback (note 10) provisions which will cancel the charge against the bond or satisfy the drawback upon exportation of that portion of the principal or by-product which is subject to duty.

(b) Bonding provisions which will permit withdrawal of the principal product or by-product from bond upon payment of duties equal to that imposed upon similar articles of import; and

(c) Bonding (note 12A) and drawback (note 12B) privileges allowing charge against the bond to be canceled or satisfying the drawback upon exportation of like weight of the principal product.

This latter provision, in effect, would permit the American miller to export 100 pounds of flour in full liquidation of 100 pounds of imported wheat, even though he had produced from the 100 pounds of wheat so imported approximately 70 pounds of flour and 30 pounds of feed. The 30 pounds of feed under this simple plan, would be retained in the United States where it is much needed, and 30 pounds of American flour made from American wheat bought at American prices and which would otherwise be sold at the export price, would find its way into the export markets of the world with the flour product of every 100 pounds of Canadian wheat so imported (see supplementary note No. 13).

These are the brief conditions which we, in our long experience, offer to you as an essential to the successful operation and full benefits to be secured for the farmer from a duty on wheat and also for the preservation of a great industry with its accompanying rewards in price, transportation, and labor.

These are the principal features necessary to preserve our fast falling export trade, which is recognized as necessary in the establishment of a general economic equilibrium.

These are the provisions which are necessary to provide that continuity of operation in industry which has been held by Federal investigators to be so desirable.

These are the means which are necessary to retain for the benefit of our railroads and other transportation facilities, the large tonnage represented in the movement of Canadian wheat through the United States (see supplementary note No. 14). The Canadian Government, with preferred rates and all the great resources at its command, are urgently seeking to divert this tonnage to Canadian rails and Canadian ports. Without the magnet of commercial milling demand, it is clear from the experiences of this current year that this diversion will be effected (see supplementary note No. 15).

These are the means which will provide for the dairy industry and increasing supply of wheat mill feeds and effectively end the growing competition from imported dairy products.

A tariff in itself is negative; it prevents, but it creates nothing. The administrative features, however, may make it constructive, and in so doing assure not only the full benefits for which a tariff was designed but make it a positive force for further betterment.

It is manifest that full benefits which the tariff on wheat aims to secure for the farmer can not be obtained without the inclusion of such features as we have suggested, and it is equally clear that the benefits to the milling trade arising from the proposed plan would be equally felt by those most directly connected—our transportation lines, our labor, and the consuming public.

The principle involved in this proposal is not new. For many years it has been recognized in the tariffs of our own and other countries, but with this difference, that whereas in our case the provisions of the tariff act have proven cumbersome and precluded the possibilities of successful operation, other

nations have provided measures to facilitate the use of imported wheat and its reexportation as flour.

Germany in 1914 had a protective tariff on wheat and products, but encouraged German mills to import wheat and to export flour by permitting its manufacture with loss of identity, the retention of the offals or feeds, and the refund of the duty on the amount of wheat required to manufacture the unit of flour exported. For example, the miller upon the exportation of 100 kilos of flour was refunded as much as an equivalent of the import duty on 160 kilos of wheat, and this regardless of the fact that the miller had or had not imported any wheat. (S. Doc. No. 149, pp. 85-86, 61st Cong., 1st sess., Department of Commerce Tariff Series No. 38, p. 13.)

Since we have already recognized in present and former tariffs the principle of like exportation of product for an importation of raw material as to weight or quantity, is it not proper that it should be made operative, particularly when it possesses such apparent advantages to so many elements?

SUPPLEMENTARY EXPLANATORY NOTES AND FIGURES.

Supplementary note No. 1.—Bulk prices are used in order to eliminate the complications of comparing sack costs. Manufacturing points chosen are those taking the same basis of freight to a common point of delivery. Canadian money is reduced by 8 per cent (prevailing rate of exchange) to equal American dollars. The conversion to American funds is made immediately in order to avoid confusion in comparison.

Comparison of cost of 95 per cent flour delivered in bulk at New York City Nov. 10, 1921, manufactured at various points as shown.

[Values all in American funds.]

	Minneapolis (yield, 4 bushels 30 pounds ¹).	Fort William (yield, 4 bushels 20 pounds ¹).	Buffalo, in bond (yield, 4 bushels 20 pounds ¹).	Buffalo, present duty, 35 cents (yield, 4 bushels 20 pounds ¹).
Wheat, per bushel.....	* \$1.25	* \$1.0028	* \$1.08	* \$1.43
Cost of wheat.....	5.625	4.345	4.68	6.1967
Manufacturing.....	1.00	.92	1.00	1.00
	6.625	5.265	5.68	7.1967
Feed and second clear.....	² .495	² .409	² .555	² .593
95 per cent flour ³	6.13	4.856	5.125	6.6037
100 per cent flour ⁴	6.45	5.11	5.39	6.95
Freight to New York ¹⁰.....	.90	.82	.43	.43
Duty ¹¹		1.02	1.02	.....
Cost of one barrel of flour in New York.....	7.35	6.95	¹² 6.84	7.38
Difference.....		.40	.54	.....
	7.35	¹³ 7.35	7.38	7.38

¹ Yield: The difference between yield of 4 bushels and 30 pounds for United States wheats and 4 bushels and 20 pounds for Canadian wheats is due to the heavier weight of the Canadian wheats. These figures are adduced from actual experience.

² No. 1 dark northern spring wheat at 7 cents over the Minneapolis December.

³ Manitoba No. 1 northern at \$1.09 Fort William, Canadian value equals \$1.0028 in United States funds. Price at Buffalo in bond is Fort William price plus freight.

⁴ The Canadian dollar will cover manufacturing costs in Canada, so it is entirely justifiable to use the American valuation in this item.

⁵ These are the actual returns received from the sale of 9.8 pounds of second clear and 64.2 pounds of feed.

⁶ These are the actual returns received from the sale of 9.8 pounds of second clear and 54.2 pounds of feed.

⁷ These are the net returns received from the sale of 54.2 pounds of feed and 9.8 pounds of second clear after payment of duty. The duty in this case is the retaliatory duty of 10 per cent and is based on the assessed value of a similar amount of imported material.

⁸ From 4 bushels and 30 pounds of wheat used only 186.2 pounds of 95 per cent flour is produced. This is 95 per cent of a barrel (196 pounds).

⁹ Showing the full value of a barrel based upon cost of \$6.13 for 95 per cent of a barrel.

¹⁰ Freight prepaid.

¹¹ 20 per cent ad valorem.

¹² This conceives that the principal product could be withdrawn from bond upon payment of duty equal to the duty which would be assessed upon a similar product imported from a foreign country. The duty, therefore, would be assessed on the valuation of the goods if manufactured at Fort William, which is the origin of the wheat used in the comparison. (This is not permitted under the existing law.)

¹³ The comparison between Minneapolis and Fort William is one more of price difference than of duty. The actual discrimination of duty, however, is 58 cents a barrel.

Operating under the present wheat schedule (35 cents on wheat, 20 per cent ad valorem on flour) on November 10, 1921, a unit of Canadian wheat sufficient to make a barrel of 95 per cent flour, if manufactured in Canada on the basis of cost, could be sold in the United States at 58 cents less than the identical unit of Canadian wheat if it had been milled in United States mills with a payment of duties.

Proof of this will be found in the column marked "Fort William," the difference here being the duty which the Canadian miller would pay on flour (\$1.02) and the duty which the United States miller would pay on a sufficient amount of wheat to make a barrel of flour of the same grade (4 bushels 20 pounds) at 35 cents a bushel (\$1.52) for 95 per cent of a barrel or \$1.60 duty for sufficient wheat to make a full barrel of flour. The difference between the duty paid by the American miller on the wheat (\$1.60), and that paid by the Canadian miller on a like quantity of flour (\$1.02) equals 58 cents. The Canadian miller and Canadian labor are therefore given preference over the United States miller and United States labor by the operation of our own tariff.

Each sale of Canadian flour made in the United States not only means a loss of a corresponding amount of operation in United States mills but also a loss to the United States farmer of a sale in the United States of an equivalent number of bushels at the better price which the tariff aims to obtain, and the subsequent sale by him of this same number of bushels for export at the world's price.

The United States miller, in theory if not in fact, can import Canadian wheat, manufacture it in bond, sell the flour to a Canadian buyer acting for him; the latter can accept the goods, hold them in bond, and export them to the United States subject to a rate of 20 per cent ad valorem, whereas while the goods were in the United States the miller was refused the privilege of withdrawing them from bond upon the payment of a like duty, and could only do so upon the payment of the higher duty on wheat.

Supplementary note No. 2.—United States flour industry, capacity, output, operating conditions.

Flour milling to-day ranks fourth among the manufacturing industries of the United States, and the production of milling feeds is one of the basic factors in the dairy industry. The flour mills of the United States have a potential daily capacity of more than 1,000,000 barrels, sufficient to supply home requirements in a little over 100 days, or to grind the entire crop in six months. The output, even in unusual war years, has never exceeded 120,000,000 barrels per annum.

Despite the lack of concentration and the intensive competition in such a widespread industry, which has resulted in the lack of sufficient volume at any one point to secure the greatest economy in production, nevertheless the margin as between producer and consumer has been lower than in any other country. With an output approaching its capacity, these margins could be further reduced.

While there is no reliable data available on the world's movement of flour, from the compilations made by L. M. Estabrook, chief of the Department of Crop Estimates, Department of Agriculture, we show this to average about 28,000,000 barrels annually. Assuming this to be constant, the United States in 1903 commanded 68 per cent of the total, thus showing its ability under proper conditions to compete successfully in the open markets of the world.

The successful operation of flour mills and the low cost of production has in a great measure been due to the percentage of export flour shipments. If these margins are to be preserved, we must maintain an export trade commensurate with former years.

The fact that by 1914 the United States percentage of the world's total export flour trade had shrunk to less than 40 per cent is responsible in a large sense for the increase, both in the cost of production and in the relative high cost of the better grades demanded in the United States.

Supplementary note No. 3.—Canada's growing dominance in the world's wheat and flour markets.

"Wheat is Canada's principal asset and her chief means of equalizing exchange rates. Her climate, distance from markets, and sparse population limit the choice of agricultural production almost exclusively to wheat." The following table shows the increasing trend of production, and there are still great areas available for future settlement and cultivation.

Acreage, production, and exports of wheat in Canada.

Year. ¹	Acreage.	Production (bushels).	Net exports (bushels). ²
1908.....	6,610,300	112,434,000	56,737,690
1909.....	7,750,400	166,744,000	63,332,645
1910.....	8,863,151	132,048,782	59,134,105
1911.....	11,100,673	230,924,000	80,956,730
1912.....	10,996,700	224,159,000	112,434,943
1913.....	11,015,600	231,717,000	141,789,601
1914 ³	10,293,900	161,280,000	92,082,555
1915 ³	15,109,415	393,542,000	186,166,378
1916 ³	15,369,709	262,781,000	222,772,067
1917 ³	14,755,850	233,742,850	194,715,638
1918 ³	17,353,902	189,075,350	82,904,894
1919 ³	19,125,968	193,260,000	117,698,652
1920.....	18,232,374	263,189,300	146,033,564
1921.....	23,261,224	329,835,300	.....

¹ Acreage and production are for crop years. Net exports are for fiscal years ending Mar. 31 following.

² Including flour in terms of wheat (4.5 bushels to the barrel).

³ War years.

Source: Acreage and production for 1908 to 1919 from United States Tariff Commission Report on Agricultural Staples and the Tariff, page 44; for 1920 and 1921 from Monthly Bulletin of Agricultural Statistics (Canadian) November, 1921, page 434; net exports from Report on Grain Trade of Canada, 1919 and 1920, pages 100 and 96, respectively; and Monthly Bulletin of Agricultural Statistics May, 1921, pages 194 and 195, and Monthly Trade Report (Canadian) March, 1921, pages 15, 17, and 280.

It is very difficult to secure accurate data on Canada's exportable surplus, but it is generally conceded that this is fast approaching, if it has not already passed, 200,000,000 bushels annually.

When you take into consideration that the world's production is around three and three-fourths billion bushels of wheat and that approximately only 650,000,000, or less than one-fifth, enters into international trade, the large volume of this Canadian export shows its growing dominance in the world's markets and the influence that this movement of wheat and flour must have upon prices and trade in general.

This position was formerly occupied by the United States.

Supplementary note No. 4.—Comparisons of United States and Canadian flour exports.

For years American brands of patent flour led the world in reputation. Foreigners strove in vain to equal them but never succeeded. Foreign buyers (to a certain, though unfortunately, diminishing extent) are still willing to pay more for United States brands of flours. Other nations have done their best to overcome this lead; they have encouraged their own millers and the millers of some other countries by preferential rates, subsidies, and similar inducements.

Quoting from Liverpool Milling of January 21, 1921:

"British millers, however, are now out to produce from hard Manitoba wheat, from No. 1 northern spring, and even from No. 1 hard winter, a flour which will hold its own before exports against the best that comes from west of Lake Erie and Buffalo."

The efforts of these other countries are beginning to show results. That we are playing a losing game in the face of conditions which now surround us is undeniably shown in the records of our flour exports between the years 1903 and 1914.

The data pertaining to our export flour trade during war years and the period immediately succeeding are in no way indicative of this position and should be disregarded in any consideration.

Beginning with the Federal fiscal year of 1920-21, which is practically coincident with the wheat-crop year of the country, there are unmistakable evidences of an alarming decline in our export flour trade. This decline is merely a continuation of a decided downward trend of flour exports during the period preceding the war.

The accompanying table shows flour exports in the normal period, 1903 to 1914, and evidences a decline of 43 per cent from the peak, whereas Canada's exports during this same period show an increase of 275 per cent.

*Comparison of wheat-flour exports from United States and from Canada,
1903-1921.*

[Source: United States Tariff Commission, Tariff Information Series No. 20, page 50; 1920-21 figures from Monthly Summary of Foreign Commerce of United States and Monthly Trade Report of Canada.]

Fiscal year.	Flour exports in barrels.		Fiscal year.	Flour exports in barrels.	
	United States.	Canada.		United States.	Canada.
1902-3.....	19,716,484	1,287,766	1912-13.....	11,394,805	3,478,043
1903-4.....	16,999,432	1,587,600	1913-14.....	11,821,461	² 4,832,183
1904-5.....	8,826,335	1,321,469	1914-15.....	16,182,765	4,952,337
1905-6.....	13,919,048	1,532,014	1915-16.....	15,520,669	6,400,214
1906-7.....	15,548,667	1,092,123	1916-17.....	11,942,778	7,425,723
1907-8.....	13,927,247	1,962,740	1917-18.....	21,879,951	9,931,148
1908-9.....	10,521,161	1,738,038	1918-19.....	24,181,979	9,205,439
1909-10.....	9,042,987	3,064,028	1919-20.....	21,651,961	8,863,068
1910-11.....	10,129,435	3,049,046	1920-21.....	16,183,234	6,017,032
1911-12.....	11,006,487	3,738,836			

¹ Decrease 43 per cent.

² Increase 275 per cent.

Supplementary note No. 5.—Canadian wheat movement through United States.

By referring to the map of North America you will see that the great wheat-producing country of Canada lies to the north and west of the principal flour milling sections of the United States. "This Canadian wheat moves to the south and eastward for concentration, milling, consumption, or export."

As shown by the accompanying table, in the eight years preceding 1914 more than 60 per cent of Canada's exportable surplus was transported through our country, over our transportation lines, and out of our ports, and in its natural flow to Europe passed the door of United States mills.

This movement has continued until within the last few years and has furnished very desirable tonnage to American transportation lines in utilizing these to facilitate quick movement to market.

Canadian wheat exports through United States ports.

[Source: Statistics 1907 to 1914 from United States Tariff Commission Report, "Agricultural staples and the tariff," 1920, pages 50 and 54; 1915-1921, from Monthly Bulletin of Agricultural Statistics (Canadian) May, 1921, p. 194-195.]

	Total Canadian wheat exports. ¹	Through American ports. ²	Percentage through American ports.
1907.....	25,480,127	19,149,820	75.1
1908.....	43,654,668	19,768,705	45.3
1909.....	49,137,449	23,487,488	47.8
1910.....	49,741,350	27,129,471	54.5
1911.....	45,802,115	24,192,228	52.8
1912.....	64,466,286	55,507,853	86.0
1913.....	93,166,009	56,749,702	60.8
1914.....	120,426,579	71,831,089	59.6
8 years.....	61,484,323	37,227,045	60.3
1915.....	71,913,385	33,255,264	46.2
1916.....	157,745,469	119,484,526	75.7
1917.....	189,643,846	128,485,067	67.9
1918.....	150,392,037	82,139,371	54.7
1919.....	41,808,807	15,760,458	37.7
1920.....	77,978,037	22,589,833	29.0
1921.....	129,215,157	49,977,224	38.5

¹ Fiscal years ending March 31.

² 1907 to 1914, fiscal years ending April 30. 1915 to 1921, fiscal years ending March 31.

Supplementary note No. 6.—Percentages of export flour and wheat shipments—Loss of feed material.

The steady reduction in the exportation of flour from the United States since 1903 (due to the greater advantages or necessities of other producing and

exporting nations) has increased the percentage of the United States crop exported in the raw state, reduced the milling demand, lessened the premiums on United States wheat, and reflected a direct loss to the producer of wheat.

The loss of 9,000,000 or more barrels of flour export in this period means that the farmer lost a home market for approximately 45,000,000 bushels of wheat, which he would otherwise have sold at the better domestic price, and subsequently sold this same wheat at the lower world's level.

A kernel of United States wheat in the markets of the world possesses no outstanding peculiarities that command either prestige or premium. The same kernel of United States wheat under United States flour brands has an established foreign trade and an outstanding individuality which gives it added value. A striking illustration of this fact will be found in the accompanying table.

In the year 1905, when we had no exportable surplus of wheat at the world's competitive prices, still the demand for established United States brands of flour at an enhanced price was such that the importing countries took from us nearly 9,000,000 barrels of flour, constituting over 90 per cent of our combined wheat and flour exports.

While there are variations during this period in the percentages that wheat and flour bear to the total exports of wheat and flour, the trend in flour exports is steadily downward, except in those years where we have a small amount of exportable surplus, when the permanent nature of the flour trade in comparison with the varying wheat demand is clearly evidenced.

United States trend of percentage of flour exports to total wheat and wheat-flour exports compared with trend of percentage of wheat exports to total wheat and wheat-flour exports.

[Source: United States Statistical Abstract and Monthly Summaries of Foreign Commerce. Basis for estimating wheat equivalent to flour exports, $\frac{4}{5}$ bushels of wheat to 1 barrel of flour.]

Fiscal year.	1904-1921.					Total wheat and wheat flour exports (bushels).
	Flour exports.			Wheat exports		
	Barrels.	Bushels.	Per cent of total.	Bushels.	Per cent of total.	
1902-3.....	19,716,484	88,724,178	43.85	114,181,420	56.20	202,905,598
1903-4.....	16,999,432	76,497,444	63.36	44,230,169	36.64	120,727,613
1904-5.....	8,826,335	39,718,508	90.01	4,394,402	9.99	44,012,910
1905-6.....	13,919,048	62,635,716	64.17	34,973,291	35.83	97,609,007
1906-7.....	15,584,667	70,131,002	47.81	76,598,423	52.19	146,700,425
1907-8.....	13,927,247	62,672,012	38.44	100,371,057	61.56	163,043,669
1908-9.....	10,521,161	47,345,224	41.43	66,923,244	58.57	114,268,468
1909-10.....	9,042,987	40,693,442	46.57	46,679,876	53.43	87,364,318
1910-11.....	10,129,435	45,582,458	65.76	23,729,302	34.24	69,311,760
1911-12.....	11,006,487	49,529,192	62.15	30,160,212	37.85	79,689,404
1912-13.....	11,394,805	51,276,623	35.87	91,602,974	64.13	142,879,597
1913-14.....	11,821,461	53,193,574	36.60	92,393,775	63.40	145,590,349
1914-15.....	16,182,765	72,822,443	21.90	259,642,533	78.10	332,464,976
1915-16.....	15,520,669	69,843,011	28.67	173,274,015	71.33	243,117,026
1916-17.....	11,942,778	53,742,501	26.40	149,831,427	73.60	203,573,928
1917-18.....	21,879,951	98,459,779	74.29	34,118,853	25.71	132,578,632
1918-19.....	24,181,979	108,818,906	37.85	178,582,673	62.15	287,401,579
1919-20.....	21,651,661	97,433,825	44.31	122,430,724	55.69	219,864,549
1920-21.....	16,183,234	72,824,553	19.85	293,267,637	80.15	366,092,190

¹Decline of 43 per cent.

Each million-bushel reduction in the flour export means the loss in production of approximately 9,000 tons of feeds. Since the loss of flour exports between 1903 and 1914 was equivalent to approximately 37,500,000 bushels annually, it means that the farmer suffered a yearly reduction in these available valuable feeds to the extent of 337,500 tons. Between 1914 and 1919 (the peak year) there was an increase of flour exports equivalent to approximately 57,500,000 bushels, meaning an increase of feeds available of 517,500 tons. Between 1919 and 1921 the decrease was equivalent to approximately 36,000,000 bushels, resulting in a loss of 324,000 tons of feed available to the American farmer.

In considering the loss of these valuable feeding materials, you must also take into consideration the loss of fertilizing elements contained therein. Of

the nitrogen not recovered in the milk when fed to cows, approximately 90 per cent would be returned to the soil to reappear in increased fertility. The large quantity of feeding material and fertilizing element which have gone abroad annually in our surplus wheat is clearly shown in the accompanying table and represents a constant and alarming drain upon our fertility.

Exports of feed in wheat.

Fiscal year.	Domestic exports of wheat.	Feed in wheat exported.	Fiscal year.	Domestic exports of wheat.	Feed in wheat exported.
	<i>Bushels.</i>	<i>Tons.</i>		<i>Bushels.</i>	<i>Tons.</i>
1903-4.....	44,230,169	398,072	1912-13.....	91,602,974	824,427
1904-5.....	4,394,402	39,550	1913-14.....	92,393,775	831,544
1905-6.....	34,973,291	314,760	1914-15.....	259,642,533	2,336,783
1906-7.....	76,569,423	689,125	1915-16.....	173,274,015	1,559,466
1907-8.....	100,371,957	903,339	1916-17.....	149,831,427	1,348,483
1908-9.....	66,923,244	602,309	1917-18.....	34,118,853	307,070
1909-10.....	46,679,876	420,119	1918-19.....	178,582,673	1,607,244
1910-11.....	23,729,302	213,564	1919-20.....	122,430,724	1,101,876
1911-12.....	30,160,212	271,442	1920-21.....	293,267,637	2,639,409

The computation is made on the basis of 60 pounds to the bushel of wheat, the feed content of the wheat being 30 per cent of the total. The ton used is the short ton of 2,000 pounds.

Supplementary note No. 7.—Comparison of United States, Canada, and world's prices.

A comparison of Minneapolis and Winnipeg prices (based on an equal rate to Liverpool) over a number of years shows that these follow in general Liverpool prices, and both are influenced by practically the same forces. The price at Winnipeg, however, has been consistently lower than the Minneapolis price. From 1906 to October, 1913, when an import duty of 25 cents per bushel was in force, Minneapolis cash prices were on an average of 6 to 10 cents per bushel higher.

The fact that we have a very large home market (80 per cent) for our wheat, with the competition that must result in the procurement of such a large proportion, is sufficient in itself to account for the difference in price, regardless of the existence of a tariff.

The outstanding fact is that the cash price in the home market was higher than the world's price.

It is therefore apparent that every bushel of wheat milled and exported as flour pays a relatively higher price to the United States farmer than the same amount of wheat exported. The decreasing percentages of flour exports reflect directly back to the disadvantage of the price situation which the tariff in effect aims to improve.

Price of wheat.

[Roman figures indicate that Minneapolis price is greater; italic figures that Winnipeg price is greater.]

	Minneapolis.		Winnipeg, No. 1, Manitoba Northern.		Differential between Winnipeg (American funds) and Minne- apolls.	
	No. 1 Northern or Dark Northern. ¹	No. 1 Dark Northern Fancy.	Canadian money.	American money.	No. 1 Northern or Dark Northern. ¹	No. 1 Dark Northern Fancy.
1917.						
January.....	\$1.89½	.....	\$1.79½	\$1.79½	\$0.10	.....
February.....	1.80½	.....	1.69½	1.69½	.10½	.....
March.....	1.98½	.....	1.87½	1.85	.13½	.....
April.....	2.38½	.....	2.30	2.29½	.08½	.....
May.....	2.85½	.....	2.72½	2.71½	.13½	.....
June.....	2.73½	.....	2.46½	2.46½	.26½	.....
July.....	2.63	.....	2.36	2.34½	.28½	.....
August.....	2.66½	.....	2.39½	2.39½	.27½	.....
September.....	2.24	.....	2.21½	2.21½	.02½	.....
October.....	2.21	.....	2.21½	2.19½	.01½	.....
November.....	2.21	.....	2.21½	2.19½	.01½	.....
December.....	2.21	.....	2.21½	2.30½	.00½	.....

Price of wheat—Continued.

	Minneapolis.		Winnipeg, No. 1, Manitoba Northern.		Differential between Winnipeg (American funds) and Minne- apolis.	
	No. 1 Northern or Dark Northern. ¹	No. 1 Dark Northern Fancy.	Canadian money.	American money.	No. 1 Northern or Dark Northern. ¹	No. 1 Dark Northern Fancy.
1918.						
January.....	\$2.21	.....	\$2.21½	\$2.20½	\$0.00½	.....
February.....	2.21	.....	2.21½	2.19½	.01½	.....
March.....	2.21	.....	2.21½	2.17½	.03½	.....
April.....	2.21	.....	2.21½	2.15½	.02½	.....
May.....	2.21	.....	2.21½	2.19½	.01½	.....
June.....	2.21	.....	2.21½	2.16½	.04½	.....
July.....	2.22	.....	2.21½	2.16½	.05½	.....
August.....	2.23½	.....	2.21½	2.17½	.06½	.....
September.....	2.23½	.....	2.24½	2.20½	.02½	.....
October.....	2.23½	.....	2.24½	2.19½	.04	.....
November.....	2.23½	.....	2.24½	2.20½	.03½	.....
December.....	2.23½	.....	2.24½	2.21½	.02½	.....
1919.						
January.....	2.23½	.....	2.24½	2.21½	.02½	.....
February.....	2.23½	.....	2.24½	2.20½	.03½	.....
March.....	2.23½	.....	2.24½	2.19½	.04	.....
April.....	2.67	.....	2.24½	2.18½	.48½	.....
May.....	2.69	.....	2.24½	2.18½	.50½	.....
June.....	2.54½	.....	2.24½	2.18	.36½	.....
July.....	2.77½	.....	2.24½	2.15½	.62	.....
August.....	2.66½	.....	2.24½	2.13½	.53	.....
September.....	2.69½	.....	2.63	2.54	.15½	.....
October.....	2.75½	.....	2.63	2.53½	.22½	.....
November.....	3.00½	.....	2.63	2.50½	.49½	.....
December.....	3.18½	.....	2.63	2.39	.79½	.....
1920.						
January.....	3.17½	.....	2.63	2.43½	.74½	.....
February.....	2.83½	.....	2.63	2.24½	.59	.....
March.....	2.92½	.....	2.63	2.45½	.46½	.....
April.....	3.16½	.....	2.63	2.37	.79½	.....
May.....	3.23½	.....	2.63	2.34½	.88½	.....
June.....	3.03	.....	2.63	2.27½	.75½	.....
July.....	2.89½	.....	2.63	2.30½	.58½	.....
August.....	2.63½	.....	2.68½	2.35½	.28½	.....
September.....	2.56	\$2.64½	2.73½	2.47½	.06½	\$0.17½
October.....	2.17	2.23½	2.31½	2.11½	.05½	.11½
November.....	1.77½	1.81½	2.05	1.83	.06½	.01½
December.....	1.70½	1.74½	1.93½	1.63½	.07½	.10½
1921.						
January.....	1.79½	1.82½	1.94½	1.70	.09½	.12½
February.....	1.69½	1.74	1.88½	1.64½	.05½	.09½
March.....	1.69½	1.72½	1.90½	1.66½	.02½	.05½
April.....	1.48½	1.58½	1.76½	1.56½	.07½	.02
May.....	1.56½	1.72½	1.86½	1.65½	.08½	.07½
June.....	1.60½	1.82	1.88½	1.65½	.04½	.23½
July.....	1.63½	1.92	1.82½	1.61½	.02½	.30½
August.....	1.49	1.68½	1.80½	1.62	.13	.06½
September.....	1.51½	1.56½	1.48	1.33	.18½	.23½
October.....	1.33½	1.38	1.15½	1.05½	.28½	.32½
November.....	1.28½	1.32½	1.11½	1.01½	.26½	.31½

¹ From January, 1917, to March, 1919, inclusive, the quotation is for No. 1 Northern. Beginning with April, 1919, the quotation is for No. 1 Dark Northern. Prices quoted are averages of daily quotations. Conversion of Winnipeg prices into American money is made according to average rate of exchange for each month. In differential column, Minneapolis price is compared with Winnipeg price in American money.

Supplementary note No. 8.—Decreasing supplies of mill feed.

"During the period from 1899 to 1920, while flour output and the accompanying production of feed increased only 15.9 per cent, the population increase was 39.2 per cent."

This increased population represents a greater demand for dairy products, which are so dependent upon mill feeds, and these, as are clearly shown, have suffered a sharp decrease in proportionate supply.

Canada, on the other hand, has a surplus of feeds. Other countries are acquiring such surpluses through replacing former importations of flour with

importations of wheat, grinding same in their own mills and making these feeds available.

The effects of ample supplies of mill feeds are shown by the following table of butter imports:

Imports and exports of butter, 1903-1921.

[Compiled from reports by Department of Commerce as given in Monthly Summaries of Foreign Commerce.]

	Imports.	Exports.		Imports.	Exports.
1903-4.....	154,457	10,717,824	1912-13.....	1,162,253	3,585,600
1904-5.....	593,104	10,071,457	1913-14.....	7,842,022	3,696,597
1905-6.....	196,642	27,360,537	1914-15.....	3,828,227	9,850,704
1906-7.....	414,755	12,544,777	1915-16.....	712,998	13,487,481
1907-8.....	780,608	6,463,061	1916-17.....	523,573	26,835,092
1908-9.....	646,320	5,981,265	1917-18.....	1,905,925	17,735,966
1909-10.....	1,360,245	3,140,545	1918-19.....	4,131,469	33,739,960
1910-11.....	1,007,826	4,877,797	1919-20.....	20,770,950	27,155,834
1911-12.....	1,025,668	6,092,235	1920-21.....	34,343,653	7,829,255

Supplementary note No. 9.—Note re compensatory or commensurate duty on flour.

A commensurate or compensatory duty on flour conceives a wheat rate applied to the number of bushels actually used to produce the grade of flour imported. It assumes that labor costs in the country of export are the same as in the country of import.

Some grades of flour can be produced from 4½ bushels of 60-pound wheat, other grades take 5, 6, and even 7 bushels.

Canadian labor costs involved in the manufacture of a barrel of flour are less than the United States.

It would be impractical to incorporate into the present tariff act a schedule adequate to cover all the differences of grades and costs. A simple method to meet these variations would be to adopt a rate on flour sufficient to allow for differences in grades and labor costs.

To do otherwise the effects of the wheat tariff are discounted, our labor is handicapped.

A rate on flour of five or six times the wheat rate would be sufficient to meet these inequalities, or a rate of four and one-half times plus 50 cents a barrel, as suggested, would be fair and reasonably protective, not prohibitive.

Inequalities of present wheat and flour schedule as proposed in H. R. 7456, title 3, section 1, paragraph 730, page 90, show advantage to Canadian flour imports as compared with flour of United States production and render inoperative the aims of the wheat duty. This comparison assumes cost of production to be the same in both cases. Canadian production costs are actually less than in the United States.

Bushels used.	Flour grade.	Pounds flour produced.	Per cent of a barrel of 196 pounds.	Bushels required to make a full barrel.	Duty on imported flour.	Duty on wheat required to make a barrel equal to imported flour.	Difference in favor of foreign miller and foreign labor.
	<i>Per cent.</i>						
4.5.....	100	196	100	4.50	\$0.98	\$1.125	\$0.145
4.5.....	95	186.2	95	4.737	.98	1.184	.204
4.5.....	90	176.4	90	5.00	.98	1.25	.270
4.5.....	85	166.6	85	5.30	.98	1.325	.345
4.5.....	80	156.8	80	5.625	.98	1.406	.426
4.5.....	75	147	75	6.00	.98	1.50	.520
4.5.....	70	137.2	70	6.43	.98	1.61	.630

It is clearly shown in the above that the Canadian miller, in addition to the advantages of the lower wheat prices and lower production cost, is given further preference in meeting competition of Canadian wheat in the United States to

the amount of 52 cents per barrel for the grades and kinds that would be in greater demand. Not only is the United States manufacturer and laborer thus discounted by that sum, but every barrel of Canadian flour so imported means that the benefits to the farmer in the wheat tariff are rendered inoperative in a like amount, since he has thereby lost the sale in the United States of an equivalent number of bushels at the better price which the duty aims to maintain in the domestic market, but is obliged to sell for export at the lower world's price level.

Moreover, and of greatest significance, is the fact that Canadian flour imports represent a kind and grade of bread wheat that the consuming public holds in highest esteem. These are the kinds and grades produced in the United States, but which, through the ravages of a plant disease, are diminishing rapidly in quantity and faced with possible, even probable, extinction.

Supplementary note No. 10.—Drawback provision:

This clause provides that if certain products made from imported duty-paid material are admitted free, that drawback should be satisfied upon the exportation of those articles produced therefrom which are dutiable, permitting the retention, without customs complications, of those articles so produced which are admitted free.

Provisions for manufacturing under drawback: Suggested amendment to section 316 (or such similar section as may have been provided for by the Senate committee), on page 225, line 4, insert after word "provided":

"*Provided*, That where two or more products result from the manipulation of imported material, the drawback shall be distributed to the several products in accordance with their relative value at the time of separation. If, however, no duty is assessable on the importation of similar products, then upon the exportation of such products as are subject to duty there shall be refunded the drawback accruing to the whole of the imported material."

Supplementary note 11-A and 11-B.—Bonding provisions:

Clause A, permitting withdrawal of flour made from bonded wheat upon payment of duties equal to that imposed upon imported flour, is conceived with the expectation of a compensatory duty on flour. If the duty on flour is not compensatory, then the tariff works an injustice upon the United States manufacturer and United States labor. If the duty is compensatory, as it is reasonable to expect, then the clause is justifiable from every standpoint.

Clause B provides that if certain products made from imported material are admitted free the charges against the bond of the imported material should be canceled upon the exportation of those articles produced therefrom which are dutiable and the retention without customs complications of those articles so produced which are admitted free.

Provisions for manufacturing wheat in bond: Suggested amendment to section 314 (or such similar action as may have been provided for by the Senate committee), beginning on page 221, line 8, after the word "vessel":

"*Provided*, That wheat flour or wheat products produced from imported wheat, or any portion thereof, may be withdrawn for domestic consumption, or transferred to a bonded customs warehouse and withdrawn therefrom, and the several charges against the bond canceled, upon payment of duty equal to the duty which would be assessed and collected by law if such flour or wheat products were imported from a foreign country.

"*Provided further*, That where two or more products result from the manipulation of an imported article and only certain of these products are subject to duty, the several charges against such bond may be canceled upon exportation or upon delivery to a bonded warehouse, of those products which are subject to duty."

Supplementary note No. 12.—Bonding provisions.

Attention is called to the fact that under this proposal the identity of the wheat is not required. It may be argued that this would permit substitution of cheaper grades of American wheats or lower grades of flour produced therefrom. While this may be true in theory, it is not in fact or practice.

Canada is now the dominating factor in the world's export flour trade, if not in volume at least in the prestige which formerly was possessed by the brands of this country. Meeting the world's competition means we meet Canadian grades and qualities. The kind and character of their wheat grades are not as wide as our own. They set the standards of price and quality and we must follow. We must meet kind with kind if we are to compete successfully.

Under the proposal advanced we have undertaken to incorporate into this imported Canadian wheat 43 per cent of American wheat and with it to compete against Canadian flour made from 100 per cent of their wheat. We can not otherwise cancel the charges against the bond.

Even if the miller did substitute 100 per cent, he would still be under an obligation to purchase 43 per cent of United States wheat at the domestic price, thus increasing the home market for that proportion, which would otherwise find its way abroad at the world's price level.

The essential question is not one of substitution, but whether the miller can compete successfully using such a large percentage of different wheat at a higher price. It is certain that he could not use a higher percentage of domestic wheats. To do so would further increase his cost and widen the differences in grades which he must meet in competition.

The loss of identity is something which need occasion no anxiety. In the first place, it is ineffective, and, secondly, competitive conditions would eliminate it far better than any legislative feature. Loss of identity is not essential to the success of the plan, other than that it involves its operation in many complications which arise from Treasury regulations properly designed to comply with the requirements of the law.

This robs business of that elasticity of operation which aids in meeting competition and, furthermore, involves delays and increases costs, which must be added to the exportable commodity, already laboring under a handicap of price disadvantage.

The preservation of identity under legal requirements means special bins, special supervision, and involves mechanical details with which many mills could not comply.

It should be noted that European countries desiring to foster and encourage the milling industry have in their customs regulations permitted not only the retention of the offals, or feed, but have specifically allowed loss of the identity in the imported wheat; in fact, in many instances have refunded the duty on the amount of wheat required to manufacture the unit of flour exported.

Supplementary note No. 12 A. P.—Provisions for manufacturing wheat in bond.

Suggested amendment to section 315 (or such similar section as may have been provided for by the Senate committee, beginning after colon on line 10, page 224, by addition of the following:

"Provided, That the works of manufacturers engaged in milling wheat flour may, upon giving satisfactory bonds, be designated as bonded flour milling warehouses. Wheat may be removed from the vessel or other vehicle in which imported, or from a bonded warehouse, into a bonded flour milling warehouse, without the payment of duties thereon, and be there manufactured or milled, together with wheat of home or foreign production:

"Provided, That where domestic wheat is used in conjunction with such imported wheat in the manufacture or production of flour, the quantity of such imported wheat used shall be ascertained and the facts of the manufacture or production of such flour in the United States shall be determined.

"Provided, further, That the bonds shall be charged with the amount of duties payable upon such wheat at the time of its importation, and the several charges against such bonds may be canceled upon the exportation or delivery to a bonded manufacturing warehouse, established under section 314 of this act, of an amount of flour sufficient to equal in weight such imported wheat."

Supplementary note No. 12-B.—Drawback provisions.

The proposal made here is identical with that made in the bonding clause, supplementary note No. 12-A, and the arguments are the same. It is merely a difference in procedure and not one in principle.

Provisions for manufacturing under drawback: Suggested amendment to section 316 (or such similar section as may have been provided for by the Senate committee), page 225, by a separate paragraph to be inserted between lines 16 and 17, reading as follows:

"Provided, however, That upon the exportation of wheat flour manufactured or produced in the United States in whole or in part from wheat of foreign origin, upon which customs duties have been paid, there shall be allowed drawback of duties equal to the duties paid upon a like quantity, by weight, of wheat of foreign origin, less 1 per cent of such duties, under such regulations as to such allowance, claims, and payment thereof as the Secretary of the Treasury shall prescribe:

"Provided, That when filing such claims for drawback, there shall be presented by the claimant thereof certificate of duty issued by a collector of customs

of the United States that there was imported, within his customs district on the date to be specified (not more than one year previous thereto), a like quantity, by weight, of wheat of foreign origin, and that full duties were paid thereon as required by law."

Supplemental note No. 13.—Replacement of feed.

Again, it may be argued that under this plan, should there be a duty on feeds, we would be circumventing this and securing free admission. This proposal involves the question of replacement and not retention. It is true, the miller keeps the feed in this country, where it is much needed by the farmer, but he pays the penalty of replacing this feed (which is a low-priced commodity) with flour (a high-priced commodity) made from United States wheat, for which the tariff aims to find a market at a better price. It must be borne in mind that if the miller takes 30 pounds of feed out he puts the identical quantity of flour back; that this flour is made from United States wheat in United States mills and bought at United States prices, which otherwise would be sold in export at the world's price.

The theory has also been advanced that the additional volume of feed made available would depress the price on other feeding grains.

This is entirely discounted by the fact that mill feeds do not lend themselves to ocean transportation. If foreigners are deprived of the supply of mill feeds which is retained in this country for the benefit of our dairy interests, it follows that their deficit of feeding materials must be made up through the purchase of feeding grains which can be shipped.

H. R. 7456, section 314: "That all articles manufactured in whole or in part of imported materials, or of materials subject to internal-revenue tax, and intended for exportation without being charged with duty, and without having an internal-revenue stamp affixed thereto, shall under such regulations as the Secretary of the Treasury may prescribe, in order to be so manufactured and exported, be made and manufactured in bonded warehouses similar to those known and designated in Treasury regulations as bonded warehouses, class six:

"Provided, That the manufacturer of such articles shall first give satisfactory bonds for the faithful observance of all the provisions of law and of such regulations as shall be prescribed by the Secretary of the Treasury:

"Provided further, That the manufacture of distilled spirits from grain, starch, molasses, or sugar, including all dilutions or mixtures of them or either of them, shall not be permitted in such manufacturing warehouses.

"Whenever goods manufactured in any bonded warehouse established under the provisions of the preceding paragraph shall be exported directly therefrom or shall be duly laden for transportation and immediate exportation under the supervision of the proper officer who shall be duly designated for that purpose, such goods shall be exempt from duty and from the requirements relating to revenue stamps.

"Provided, Any materials used in the manufacture of such goods, and any packages, coverings, vessels, brands, and labels used in putting up the same way, under the regulations of the Secretary of the Treasury, be conveyed without the payment of revenue tax or duty into any bonded manufacturing warehouse, and imported goods may, under the aforesaid regulations, be transferred without the exaction of duty from any bonded warehouse into any bonded manufacturing warehouse; but this privilege shall not be held to apply to implements, machinery, or apparatus to be used in the construction or repair of any bonded manufacturing warehouse or for the prosecution of the business carried on therein.

"No articles or materials received into such bonded manufacturing warehouse shall be withdrawn or removed therefrom except for direct shipment and exportation or for transportation and immediate exportation in bond to foreign countries or to the Philippine Islands under the supervision of the officer duly designated therefor by the collector of the port, who shall certify to such shipment and exportation, or lading for transportation, as the case may be, describing the articles by their mark or otherwise, the quantity, the date of exportation, and the name of the vessel:

"Provided, That wheat flour or wheat products produced from imported wheat, or any portion thereof, may be withdrawn for domestic consumption, or transferred to a bonded customs warehouse and withdrawn therefrom, and the several charges against the bond canceled, upon payment of duty equal

to the duty which would be assessed and collected by law if such flour or wheat products were imported from a foreign country:

"Provided further, That where two or more products result from the manipulation of an imported article and only certain of these products are subject to duty, the several charges against such bond may be canceled upon exportation or upon delivery to a bonded warehouse, of those products which are subject to duty:

"Provided, That the waste material or by-products incident to the processes of manufacture, including waste derived from cleaning rice in bonded warehouses under the act of March 24, 1874, in said bonded warehouses may be withdrawn for domestic consumption on the payment of duty equal to the duty which would be assessed and collected by law if such waste or by-products were imported from a foreign country. All labor performed and services rendered under these provisions shall be under the supervision of a duly designated officer of the customs and at the expense of the manufacturer.

"A careful account shall be kept by the collector of all merchandise delivered by him to any bonded manufacturing warehouse, and a sworn monthly return, verified by the customs officers in charge, shall be made by the manufacturers containing a detailed statement of all imported merchandise used by him in the manufacture of exported articles.

"Before commencing business the proprietor of any manufacturing warehouse shall file with the Secretary of the Treasury a list of all the articles intended to be manufactured in such warehouse, and state the formula of manufacture and the names and quantities of the ingredients to be used therein.

"Articles manufactured under these provisions may be withdrawn under such regulations as the Secretary of the Treasury may prescribe for transportation and delivery into any bonded warehouse at an exterior port for the sole purpose of immediate export therefrom:

"Provided, That cigars manufactured in whole of tobacco imported from any one country, made and manufactured in such bonded manufacturing warehouses, may be withdrawn for home consumption upon the payment of the duties on such tobacco in its condition as imported under such regulations as the Secretary of the Treasury may prescribe, and the payment of the internal-revenue tax accruing on such cigars in their condition as withdrawn, and the boxes or packages containing such cigars shall be stamped to indicate their character, origin of tobacco from which made, and place of manufacture.

"The provisions of section 3433 of the Revised Statutes shall, so far as may be practicable, apply to any bonded manufacturing warehouse established under this act and to the merchandise conveyed therein."

H. R. 7456, section 315: "That the works of manufacturers engaged in smelting or refining, or both, of ores and crude metals may, upon the giving of satisfactory bonds, be designated as bonded smelting warehouses. Ores or crude metals may be removed from the vessel or other vehicle in which imported, or from a bonded warehouse, into a bonded smelting warehouse without the payment of duties thereon and there smelted or refined, or both, together with ores or crude metals of home or foreign production:

"Provided, That the bonds shall be charged with the amount of duties payable upon such ores and crude metals at the time of their importation, and the several charges against such bonds may be canceled upon the exportation or delivery to a bonded manufacturing warehouse established under paragraph M of this section of an amount of the same kind of metal equal to the actual amount of dutiable metal producible from the smelting or refining, or both, of such ores or crude metals as determined from time to time by the Secretary of the Treasury:

"Provided further, That the said metals so producible, or any portion thereof, may be withdrawn for domestic consumption or transferred to a bonded customs warehouse and withdrawn therefrom, and the several charges against the bonds canceled upon the payment of the duties chargeable against an equivalent amount of ores or crude metals from which said metal would be producible in their condition as imported:

"Provided further, That on the arrival of the ores and crude metals at such establishments they shall be sampled according to commercial methods and the sample assayed by wet assay, without deduction, under the supervision of Government officers, to be appointed by the Secretary of the Treasury and at the expense of the manufacturer:

"Provided farther, That antimonial lead produced in said establishments may be withdrawn for consumption upon the payment of the duties chargeable against it under existing law:

"Provided, That the works of manufacturers engaged in milling wheat flour may, upon giving satisfactory bonds, be designated as bonded flour-milling warehouses. Wheat may be removed from the vessel or other vehicle in which imported, or from a bonded warehouse, into a bonded flour-milling warehouse, without the payment of duties thereon, and be there manufactured or milled, together with wheat of home or foreign production:

"Provided, That where domestic wheat is used in conjunction with such imported wheat in the manufacture or production of flour, the quantity of such imported wheat used shall be ascertained and the facts of the manufacture or production of such flour in the United States shall be determined:

"Provided further, That the bonds shall be charged with the amount of duties payable upon such wheat at the time of its importation, and the several charges against such bonds may be cancelled upon the exportation or delivery to a bonded manufacturing warehouse established under section 314 of this act of an amount of flour sufficient to equal in weight such imported wheat:

"Provided further, That all labor performed and services rendered pursuant to this section shall be under the supervision of an officer of the customs, to be appointed by the Secretary of the Treasury, and at the expense of the manufacturer:

"Provided further, That all regulations for the carrying out of this section shall be prescribed by the Secretary of the Treasury."

H. R. 7456, section 316: "That where imported materials on which duties have been paid are used in the manufacture of articles manufactured or produced in the United States, there shall be allowed on the exportation of such articles a drawback equal in amount to the duties paid on the materials used, less 1 per cent of such duties:

"Provided, That when the articles exported are made in part from domestic materials the imported materials, or the parts of the articles made from such materials, shall so appear in the completed articles that the quantity or measure thereof may be ascertained:

"And provided further, That the drawback on any article allowed under existing law shall be continued at the rate herein provided:

"Provided, That where two or more products result from the manipulation of imported material, the drawback shall be distributed to the several products in accordance with their relative value at the time of separation. If, however, no duty is assessable on the importation of similar products, then upon the exportation of such products as are subject to duty there shall be refunded the drawback accruing to the whole of the imported material.

"That the imported materials used in the manufacture or production of articles entitled to drawback of customs duties when exported shall, in all cases where drawback of duties paid on such materials is claimed, be identified, the quantity of such materials used and the amount of duties paid thereon shall be ascertained, the facts of the manufacture or production of such articles in the United States and their exportation therefrom shall be determined, and the drawback due thereon shall be paid to the manufacturer, producer, or exporter, to the agent of either, or to the person to whom such manufacturer, producer, exporter, or agent shall, in writing, order such drawback paid, under such regulations as the Secretary of the Treasury shall prescribe.

"Provided, however, That upon the exportation of wheat flour manufactured or produced in the United States in whole or in part from wheat of foreign origin, upon which customs duties have been paid, there shall be allowed drawback of duties equal to the duties paid upon a like quantity, by weight, of wheat of foreign origin, less one per cent of such duties, under such regulations as to such allowance, claims, and payment thereof as the Secretary of the Treasury shall prescribe:

"Provided, That when filing such claims for drawback there shall be presented by the claimant thereof certificate of duty issued by a collector of customs of the United States that there was imported, within his customs district, on the date to be specified (not more than one year previous thereto) a like quantity, by weight, of wheat of foreign origin, and that full duties were paid thereon as required by law.

"That on the exportation of medicinal or toilet preparations (including perfumery) hereafter manufactured or produced in the United States in part from domestic alcohol on which an internal-revenue tax has been paid, there shall

be allowed a drawback equal in amount to the tax found to have been paid on the alcohol so used:

"Provided, That no other than domestic tax-paid alcohol shall have been used in the manufacture or production of such preparations. Such drawback shall be determined and paid under such rules and regulations, and upon the filing of such notices, bonds, bills of lading, and other evidence of payment of tax and exportation, as the Secretary of the Treasury shall prescribe."

"Provided, That imported salt in bond may be used in curing fish taken by vessels licensed to engage in the fisheries and in curing fish on the shores of the navigable waters of the United States, under such regulations as the Secretary of the Treasury shall prescribe; and upon proof that the salt has been used for either of the purposes stated in this proviso, the duties on the same shall be remitted:

"Provided further, That exporters of meats, whether packed or smoked, which have been cured in the United States with imported salt shall, upon satisfactory proof, under such regulations as the Secretary of the Treasury shall prescribe, that such meats have been cured with imported salt, have refunded to them from the Treasury the duties paid on the salt so used in curing such exported meats, in amounts not less than \$100."

"That the provisions of this section shall apply to materials used in the construction and equipment of vessels built for foreign account and ownership, or for the government of any foreign country, notwithstanding that such vessels may not, within the strict meaning of the term, be articles exported."

Supplementary note No. 14.—Canadian wheat movement through United States.

The tonnage of Canadian wheat moving on this continent for export has reached enormous proportions, the annual movement being between two hundred to two hundred and fifty million bushels, or, in round figures, 200,000 carloads.

Of this movement, 60 per cent has formerly moved via the United States, affording a haul varying from 500 to 1,000 miles of over 100,000 carloads annually.

This business is constantly increasing, as the development of the lands of far western Canada progresses. The time is not far distant when the volume of Canadian wheat crop will have doubled, with a relative increase in exports.

The preservation and development of this tonnage by United States railroads is a matter of prime importance, both to them and to the country at large.

The use this Canadian wheat in United States mills, together with the increased percentage of United States wheats, affords the railways absolutely original tonnage to that degree.

The by-product produced in manufacturing flour is the principal constituent part of milk production, and through its greater supply and greater cost will increase such milk production. This will afford additional tonnage of a most desirable character to our railroads. The soil enrichment resulting from the fertilizing value of these feeds means increased production and additional transportation tonnage.

The more continuous and larger operation of United States mills will mean cheaper flour because of the lessening cost of production, which means cheaper bread. Labor is more vitally interested in the price of bread than in anything else excepting its own wage.

Supplementary note No. 15.—Development of Canadian transportation facilities.

Canada is developing already established lines of ocean steamers, interior waterways, and coast communications which will permit them to carry on their own rails and in their own bottoms the tremendously increasing crop of wheat, 60 per cent of which until recently has passed through the hands of United States carriers.

The figures shown in the table under supplementary note 5 show that the percentage of Canadian movement through the United States is undergoing a marked diminution. Last year, from September 1 to the close of navigation, Canadian shipments via the Lakes were 99,000,000 bushels, of which 52 per cent went to Buffalo and 9 per cent to other United States ports; 39 per cent going to Canadian ports.

From the opening of navigation this year to the end of August, 1921, shipments were 78,000,000 bushels, of which Buffalo got 17 per cent, other United States ports 4 per cent, and Canadian ports 78 per cent.

Milling centers in line of flow of Canadian wheat: Milling centers in line of flow of Canadian wheat through the United States, on present freight structure, where Canadian wheat can be imported, milled in bond, and handled on a com-

petitive basis under the regulations proposed, are those located at or tributary to Green Bay, Gladstone, Manitowoc, Racine, Milwaukee, Chicago, Michigan City, Traverse City, Benton Harbor, Muskegon, Ludington, Manistee, Petosky, Cheboygan, Alpena, Bay City, Port Huron, Toledo, Sandusky, Erie, Cleveland, Buffalo, New York, Philadelphia, Baltimore, Washington.

The response that could be expected from carriers would undoubtedly allow Canadian wheat carried in bond through these ports to reach seaboard in the form of flour at Gulf ports, Newport News, or the other Atlantic ports at rates of freight which would enable all mills to participate in the business.

Canadian flour exports for September, October, and November, 1921.

To United Kingdom	barrels	1,210,000
To United States	do	147,000
To other countries	do	513,000
		<hr/> 1,870,000
Per year	do	<hr/> 7,480,000
To United States, 1921:		
September	do	4,000
October	do	42,000
November	do	101,000
		<hr/> 147,000

Values were unobtainable except for the following for the first 20 days of November:

Importations at Niagara Falls and Black Rock (the all-rail entry of Buffalo, in these 20 days)	barrels	12,462
The entries at Black Rock were	do	2,989
Duty collected	per barrel	\$1.29
Showing appraised valuation of	do	\$6.45
Importations at Niagara Falls	barrels	9,473
Duty collected	per barrel	\$1.21
Showing appraised valuation of	do	\$6.05

This shows the average valuation of imports at the two points to be \$6.25. The imports probably originated and were valued as at Port Colborne, which would reconcile with values of \$5.10 bulk shown for Fort William in supplementary note No. 1.

Canadian wheat exports.

Total September, October, and November:		
1920	bushels	77,415,000
1921	do	57,529,000
To United States, November:		
1920	do	8,628,000
1921	do	4,156,000
To United States, September, October, and November:		
1920	do	18,414,000
1921	do	¹ 6,002,000

¹ There are 16,000,000 bushels of Canadian wheat afloat in bond at Buffalo, which by a mere custom entry at Buffalo can be transferred into United States importations.

ADMINISTRATIVE PROVISIONS.

MODIFICATIONS OF ADMINISTRATIVE PROVISIONS.

STATEMENT OF JOSEPH F. LOCKETT, REPRESENTING THE CUSTOMS BAR ASSOCIATION OF NEW YORK CITY.

Mr. LOCKETT. The Customs Bar Association of New York City, through its committee on practice and procedure, has prepared a very complete and exhaustive analysis of certain parts of the administrative section of the Fordney bill, and through a misunderstanding the brief is not now here for presentation to this committee. They wired and asked me to request the committee to receive the brief when it arrives to-morrow.

Senator McCUMBER. Very well.
(The brief is as follows:)

The purpose of this memorandum is to lay before your committee certain modifications of the administrative provisions in Title IV of the general tariff bill (H. R. 7458) as proposed by the committee on practice, procedure, and legislation of the Association of the Customs Bar.

The Association of the Customs Bar is an organization of attorneys practicing before the Board of United States General Appraisers and the United States Court of Customs Appeals. Among its principal objects are the maintenance and improvement of the standards and methods of practice under the Federal laws relating to the customs and revenue and the promotion of reforms in such legislation.

The Association of the Customs Bar has given careful study to the administration features of the pending bill and believes it to be great improvement over any previous administrative system. In matters of fundamental policy, like the American-valuation plan, the association does not undertake to express the views of its members. It recommends only certain changes that, in its judgment, will contribute to the simplicity and effectiveness of the law, but is convinced that these are highly important. The objects of the amendments are summarized below and this summary is followed by the proposed amendments and the reasons therefor.

OBJECTS SOUGHT BY THE PROPOSED AMENDMENTS.

1. The shipper or owner, or the agent of either, should be permitted to sign consular invoices of purchased goods in the country of exportation, as well as the seller. (Section 482, *infra*.)
2. The requirement that consular invoices be sworn to before a notary public, before production to a United States consul, will cause inconvenience to shippers with no resulting benefit. It should be sufficient if such invoices were declared to before a consul, as under existing law. (Sections 485, 486, 481, *infra*.)
3. Compliance with the provision requiring an importer to enter his merchandise in terms of the tariff laws should not deprive him of his remedy to test such classification by litigation. (Section 490, *infra*.)
4. A board of three general appraisers should have the right to review the decision of a single general appraiser on jurisdictional questions in a reappraisal appeal. (Section 509, *infra*.)
5. The parties should have the same right of argument in proceedings before the board of three general appraisers in a reappraisal case as in proceedings before a single general appraiser. (Section 509, *infra*.)
6. Delivery of imported merchandise at a designated place should not be made a condition of the right of abandonment of such merchandise where it is so far destroyed or in such condition as not to be deliverable. (Section 513, *infra*.)

7. The adoption of the American-valuation system will make it important that the subpoena power of collectors, appraisers, and boards of general appraisers include the power to cite manufacturers of and dealers in domestic merchandise being or alleged to be similar to imported merchandise. (Section 521, *infra*.)

8. Decisions of a collector should be reviewable when he acts outside of the law as well as when he proceeds by, or under color, of statutory authority. (Section 527, *infra*.)

9. The requirements of a protest as prescribed in former statutes, and settled by many years of practice and judicial construction, should be preserved without innovation. (Section 527, *infra*.)

10. The importer should not be deprived of all remedy to contest an illegal assessment, because of failure to pay the assessed duties within 30 days after filing a protest. A condition that he shall pay the duty before his protest can be heard has proved sufficient for many years past. (Sections 527, 528, *infra*.)

11. The boards of general appraisers should have power to order analyses of merchandise in Government laboratories. (Section 531, *infra*.)

12. A single general appraiser should have power to order a rehearing or retrial of a reappraisement case decided by him. (Section 531, *infra*.)

The page, line, and section numbers of the bill as stated in the ensuing recommendations have reference to the print of H. R. 7456, as referred to the Committee on Finance.

PROPOSED AMENDMENTS.

- I. THE SHIPPER OR OWNER OR THE AGENT OF EITHER SHOULD BE PERMITTED TO SIGN CONSULAR INVOICES OF PURCHASED GOODS IN THE COUNTRY OF EXPORTATION, AS WELL AS THE SELLER.

Section 482: On page 255, in line 7, insert after the word "seller" the words "shipper or owner."

As the section now stands, it requires that consular invoices of purchased goods shall be signed by the seller of the merchandise or by the seller's agent. This, if literally adhered to, would cause great inconvenience to large importers who maintain branch houses in foreign countries for the purpose of assembling, inspecting, and shipping goods purchased in various places. Such branch houses have for many years been permitted to consolidate numerous shipments in one consular invoice and to sign such invoice; the present requirement being that the consular invoice shall be signed by the "person owning or shipping" the goods. They have been required in such consolidated invoices to disclose the name of the seller, attach his original bill or invoice, and swear to its accuracy.

Under section 482 as it now stands, however, consolidation of shipments in one invoice would be difficult if not impossible. The assembling purchaser would have to send his consolidated invoice to possibly 10 to 20 sellers for signature, which would result in embarrassing delays, to say nothing of other objectionable features. The alternative of obtaining a separate consular invoice from each seller would be even more objectionable. Indeed, a seller living in another consular district from that from which the goods were finally shipped probably could not legally execute a consular invoice; in view of the requirement of section 485 that the invoice shall be certified by the consul of the district from which the merchandise is to be shipped.

The privilege of purchasing merchandise in different consular districts, assembling it for shipment, and including it in a single invoice certified at the shipping point is expressly recognized in section 484, at page 257, but is practically rendered abortive by the requirement in section 482 that the consular invoice be signed by the seller.

This requirement is also inconsistent with section 485, page 257, lines 14, 15, and 16, permitting the consular declaration on the invoice to be signed and sworn to "by the seller, manufacturer, or owner, or by his or their agent."

It is not believed that any objectionable practices have arisen from the long-existing privilege accorded purchasers abroad of assembling and shipping merchandise on a consular invoice signed and declared to by the shipper or owner. Section 482, as it now stands, is merely an embarrassing restriction upon the normal practices of trade with no compensating advantage and should be amended as above suggested.

- II. THE REQUIREMENT THAT CONSULAR INVOICES BE SWORN TO BEFORE A NOTARY PUBLIC, BEFORE PRODUCTION TO A UNITED STATES CONSUL, WILL CAUSE INCONVENIENCE TO SHIPPERS WITH NO RESULTING BENEFIT. IT SHOULD BE SUFFICIENT IF SUCH INVOICES WERE DECLARED TO BEFORE A CONSUL, AS UNDER EXISTING LAW.

Section 485: On page 257, in lines 12 to 14, beginning after the word "signed" in line 12, strike out the words "and sworn to before an officer authorized to administer oaths under the laws of the place where signed and sworn to."

Section 486: On page 259, in line 6, beginning after the word "signed," strike out the words "and sworn to."

Section 481: On page 254, in line 14, after the word "certified," strike out the words "and verified."

The bill as it is now framed compels the person making a consular invoice to produce it in the first instance before a notary public for verification and then before a United States consul. There seems to be no advantage in this requirement over an arrangement whereby a declaration is taken before the consul, as under existing law, which simplifies the procedure.

The Government is in the same position, so far as its remedies are concerned, whether an oath be taken before a notary or a declaration signed before a consul. A person in a foreign jurisdiction who swears to a false affidavit of this character before a resident notary can not, in general, be punished for the crime of perjury under the laws of his domicile or of this country. This is due in part to limitations imposed by the technical definition of the crime of perjury and in part to the infraterritorial effect of laws. On the other hand, it is certain that a false declaration made before a United States consul and used in effecting entry of imported merchandise into this country, would be as fully within the denunciation of our customs penal statutes as would an affidavit sworn to before an officer of the exporting country.

Nothing is gained by requiring an oath before a notary public and no good reason is perceived why consuls should not administer the declaration on the invoices as heretofore. Foreign shippers, who export goods to this country, are accustomed to transact business affecting such shipments with United States consuls and it would greatly subserve the convenience of such shippers if all of the required formalities could be performed in the office of the consul.

III. COMPLIANCE WITH THE PROVISION REQUIRING AN IMPORTER TO ENTER HIS MERCHANDISE IN TERMS OF THE TARIFF LAWS SHOULD NOT DEPRIVE HIM OF HIS REMEDY TO TEST SUCH CLASSIFICATION BY LITIGATION.

Section 490: On page 262, in line 12, insert the following proviso immediately preceding the present proviso:

"Provided, That no statements required by law to be made in the invoice or entry shall be construed to deprive any party of the right to protest and appeal from the decision of the collector as provided in this act or to a decision on the merits under said protest and appeal."

The requirement in section 490 that the entry shall contain "a description of the merchandise in terms of the tariff laws of the United States, and the value of each item or lot according to its dutiable classification" has not heretofore been a provision of statutory law. In practice the entry has contained such classification but it has always been recognized that the descriptive matter therein was of a tentative character, adopted for purposes of convenience, and binding upon neither the Government nor the importer. The importer, in order to obtain delivery of his merchandise, has been obliged to adopt for purposes of entry the tariff classification favored by Government officials, and deposit duties upon that basis, even though he disagreed with it, but has been permitted to avail himself of his remedies by protest and appeal to correct error in such classification. Indeed, there is no way to correct error in an official classification but to accept it for purposes of entry, pay the duties, and protest.

With the provision referred to appearing as a mandatory requirement in the statutory law it is safe to prophesy that the claim will be made, that it works an estoppel and binds the importer by his description of the merchandise made in the entry over his oath. Of course, this result is not intended, as it would be impossible for the importer to resolve all of the doubtful question of fact and law respecting the classification of his merchandise at the time he makes his entry and before he has seen his goods and if the entry classification were deemed binding, the provisions for a review of the collector's decision in section 527, et seq., would be a nullity.

In order to remove all doubt upon the subject, a proviso should be inserted in section 490 to the effect that no statements made in the invoice or entry shall be construed to deprive any party of the right to protest and appeal from the decision of the collector as provided in the act, or to have a decision as to the dutiable status of such merchandise under such protest and appeal.

IV. A BOARD OF THREE GENERAL APPRAISERS SHOULD HAVE THE RIGHT TO REVIEW THE DECISION OF THE SINGLE GENERAL APPRAISER ON JURISDICTIONAL QUESTIONS IN A REAPPRAISEMENT APPEAL.

Section 509: On page 276, in lines 3 and 4, beginning after the word "appraiser" in line 3, strike out the words "as to the value of such merchandise."

The amendment proposed is intended to confer upon a board of three general appraisers the right to review the decision of a single general appraiser upon jurisdictional questions. As at present framed the section makes the decision of the general appraiser "as to the value of such merchandise" final and conclusive unless an application for its review is filed by either or both parties. This language, by implication, possibly excludes a review of a decision of a general appraiser in any case where it does not relate to the value of the merchandise. Dismissals of appeals to reappraisal by single general appraisers, upon jurisdictional grounds, without an adjudication of the question of value, are fairly common, and the right of review by a board should not be denied in such cases.

Under the peculiar phraseology of paragraph M, Section III, tariff act of October 3, 1913, the boards of general appraisers have felt constrained to rule that they had no authority to review decisions of single general appraisers upon jurisdictional questions. This absence of a remedy for either Government or importer in such a vital matter is felt to be unfortunate by the members of the board, customs officials, and the bar. It is feared that section 509 as now phrased is open to the same objection. Hence, the amendment proposed.

V. THE PARTIES SHOULD HAVE THE SAME RIGHT OF ARGUMENT IN PROCEEDINGS BEFORE A BOARD OF THREE GENERAL APPRAISERS IN A REAPPRAISEMENT CASE AS IN PROCEEDINGS BEFORE A SINGLE GENERAL APPRAISER.

Section 509: On page 276, in line 17, after the word "and" at the end of the line, insert a comma and the words "after argument on the part of the interested parties if requested by them or by either of them."

This proposed amendment merely gives the same right to parties to be heard in argument in reappraisal proceedings before the boards of three general appraisers as the section now gives them in proceedings before the single general appraiser. The right of argument before the boards of three is more important than before the single general appraiser, as no evidence is to be taken before the boards in reappraisements and it may be of vital interest to the parties that they have an opportunity to explain their respective contentions by argument.

VI. DELIVERY OF IMPORTED MERCHANDISE AT A DESIGNATED PLACE SHOULD NOT BE MADE A CONDITION OF THE RIGHT OF ABANDONMENT OF SUCH MERCHANDISE WHERE IT IS SO FAR DESTROYED OR IN SUCH CONDITION AS NOT TO BE DELIVERABLE.

Section 513: On page 279, in line 6, after the word "direct," insert the words "unless such delivery be impracticable, in which event and on failure of the importers to comply with the direction of the collector or the chief officer of customs, the abandoned merchandise may be disposed of by the customs authorities, under such regulations as the Secretary of the Treasury may prescribe, at the expense of such importer."

The section provides for the abandonment of imported merchandise in certain cases and requires in a proviso that such merchandise shall be delivered by the importer at such place within the port of entry as the collector of customs may direct. Appearing as it does in a proviso such delivery is made a condition of the exercise of the right of abandonment. The collector by sending out the usual notice to deliver, in good faith and without knowledge of the facts, may defeat the right of abandonment where it is most valuable, namely, in those cases where merchandise is so far destroyed as to make it impossible to identify or deliver it.

An instance is recalled of the arrival of a steamship after a collision, with her forward holds filled with water and the freight crushed and mixed in an indistinguishable mass, so that it was impossible for any importer to separate and deliver his own merchandise, where the customs officials held there could be no abandonment because the importers failed to deliver their merchandise at a designated place. That case arose under the present tariff, where the delivery clause is not in form a condition and the Board of General Appraisers reversed the collector and sustained the abandonment. It could not reach the same conclusion under section 513 of H. R. 7456, where delivery is clearly made a condition and the board would be forced to hold that failure to deliver for whatever cause, defeated the right of abandonment.

Where delivery is impracticable the right of abandonment should be preserved. The amendment proposed is in substantially the same language and has the same effect as the corresponding provision in existing law.

VII. THE ADOPTION OF THE AMERICAN VALUATION SYSTEM WILL MAKE IT IMPORTANT THAT THE SUBPENA POWER OF COLLECTORS, APPRAISERS, AND BOARDS OF GENERAL APPRAISERS INCLUDE THE POWER TO CITE MANUFACTURERS AND DEALERS IN DOMESTIC MERCHANDISE BEING OR ALLEGED TO BE SIMILAR TO IMPORTED MERCHANDISE.

Section 521: 1. On page 282, in line 16, after the word "agent," insert the words "manufacturer, dealer."

2. On page 282, in line 19, after the word "year," insert the words "or respecting any domestic merchandise being or alleged to be similar to said imported merchandise."

3. On page 282, in line 19, strike out the word "or,"

4. On page 282, in line 19, after the word "invoices," insert the words "or other documents."

As the provision stands in the bill there is considerable doubt whether it gives customs officers and general appraisers sufficient power to administer effectively the American valuation clause. The provision was formulated by the Tariff Commission before the American valuation plan was considered by the Committee on Ways and Means and was drafted after models in prior acts where the citation power was primarily intended to reach importers and documentary evidence affecting imports. Especially is it doubtful whether section 521 of the present bill gives the officials named power to issue subpoenas duces tecum requiring the production of documentary evidence relating to domestic merchandise.

The best evidence of domestic value is actual transactions of sale and the primary evidence of such transactions is accounts, contracts, bills, etc. There should be no doubt about the power of general appraisers and other proper officers to obtain such evidence from manufacturers of and dealers in domestic merchandise.

The suggested amendments broaden the provision and would seem to give the power necessary properly to apply the law.

VIII. DECISIONS OF A COLLECTOR SHOULD BE REVIEWABLE WHEN HE ACTS OUTSIDE OF THE LAW AS WELL AS WHEN HE PROCEEDS BY, OR UNDER COLOR OF, STATUTORY AUTHORITY.

Section 527: On page 285, in lines 16 and 17, beginning after the word "delivery," on line 16, strike out the words "under any provision of the customs revenue laws."

The clause proposed to be stricken out appears to limit the remedy by protest and appeal to cases where the collector proceeds under or by color of the customs revenue laws. By implication it excludes review of a case where a collector might perform arbitrary acts, clearly in defiance of all law, for which no statutory authority could be invoked and as to which it could not be said that he was proceeding even colorably under any provision of the customs revenue laws. Section 527 represents an attempt to broaden greatly the right of review of the collector's acts. It is obvious that any comprehensive system should leave in no doubt the right of appeal in a case like that suggested above.

IX. THE REQUIREMENTS OF A PROTEST, AS PRESCRIBED IN FORMER STATUTES, AND SETTLED BY MANY YEARS OF PRACTICE AND JUDICIAL CONSTRUCTION, SHOULD BE PRESERVED, WITHOUT INNOVATION.

Section 527: On page 286, beginning on line 2, after the word "thereto," strike out on lines 2 to 6, inclusive, the following words: "and stating how the merchandise should have been classified, or what drawback should have been paid, or what charges or exaction should have been made, or why the merchandise should not have been excluded from entry or delivery."

The above language is a part of the clause prescribing the requirements of protests, which provides that the liquidation or decision of the collector shall be final and conclusive unless the importer shall, within 60 days thereafter, "file a protest in writing with the collector, setting forth distinctly and specifically, and in respect to each entry, payment, claim, or decision, the reasons for the objection thereto, and stating how the merchandise should have been classified, or what drawback should have been paid, or what charges or exaction should have been made, or why the merchandise should not have been excluded from entry or delivery."

For upward of 30 years the requirement for a protest has been expressed by the language not italicized in our quotation above. That is to say, it has been simply prescribed that the protest shall "set forth distinctly and specifically and with respect

to each entry or payment the reasons for the objections" to the collector's action. This has been one of the best known provisions of our customs administrative laws. It has in the past given rise to a great deal of litigation but has now been so thoroughly construed by the courts that cases involving the sufficiency of protest are rare. Forms of protest have been evolved to meet the requirements of the decided cases that can be used with assurance that they will stand the test of litigation.

The rules established by the courts are based upon a common-sense view of the statute. It is held that, as protests are commercial and not legal documents, may be drawn by merchants and not necessarily by lawyers, they should not be construed with the strictness of legal pleading. While liberally construed, it is held at the same time that they must fairly inform the collector of the nature of the objection to his action. This need not be done so precisely as to be limited to a single claim. Alternative claims are allowed and sometimes, from the necessities of the case, are numerous, but the protest must not be so multifarious as to conceal the real claims and mislead the collector. The practical application of these rules to many decided cases has placed the law on the subject of customs protests as close to a state of equilibrium as any subject of legal controversy can be approximated.

The new language requires an importer affirmatively to state how the merchandise should have been classified, or what drawback should have been paid, or what charges or exactions should have been made, or why the merchandise should not have been excluded from entry or delivery.

The question at once suggests itself, how definite must an importer be in stating how the merchandise should have been classified? Has he only one guess, and is his remedy gone if his guess fails? Can no general language be used nor alternative claims made to protect him if appellate tribunals differ both with the collector and the importer? Frequently several provisions of the tariff adequately describe merchandise, and it is a close question which is to govern. Often the best experts can not tell how merchandise should have been classified until the question is settled by a court of last resort. It sometimes takes a decision of the Supreme Court to determine how merchandise should have been classified or what drawback should have been paid or what charges or exactions should have been made. And yet the importing merchant is apparently required by the mandatory language of paragraph 527 to state all of these things with great certainty.

Whatever may be said about the ultimate construction of the new language, the chief objection to it is that it will certainly destroy the condition of balance now existing and again throw the whole subject of the sufficiency of customs protests into the field of active litigation. It is earnestly recommended that the new clause be eliminated and the provision be allowed to remain in the form which has been immemorially used and exhaustively construed.

X. THE IMPORTER SHOULD NOT BE DEPRIVED OF ALL REMEDY TO CONTEST AN ILLEGAL ASSESSMENT BECAUSE OF FAILURE TO PAY THE ASSESSED DUTIES WITHIN 30 DAYS AFTER FILING A PROTEST. A CONDITION THAT HE SHALL PAY THE DUTY BEFORE HIS PROTEST CAN BE HEARD HAS PROVED SUFFICIENT FOR MANY YEARS PAST.

Section 527: On page 286, lines 6 to 10, inclusive, strike out the following words: "If the merchandise was entered for consumption, such protest shall be deemed to be finally waived and abandoned unless, within 30 days from the date of the filing thereof, the full amount of liquidated duties shall be paid."

Section 528: On page 286, in lines 11 and 12, beginning after the word "protest," in line 11, strike out the words "and payment of duties and other charges" and insert in lieu thereof the words "and, if the merchandise is entered for consumption upon payment of the full amount of the duties and charges ascertained to be due thereon."

The effect of the words which it is proposed to strike from section 527 is to take away all remedy of an importer against a possibly illegal exaction unless he pays the amount of liquidated duties within 30 days after the filing of a protest. Tax laws in general, and notably the Federal internal-revenue laws, do not take away the taxpayers' right to contest an illegal assessment for a failure to pay a tax. Appropriate pecuniary penalties, usually in the nature of graduated interest, are provided, but we believe that there are few if any tax systems that deprive a delinquent taxpayer of his civil remedies because of delay in payment.

Disability to pay the liquidated duties within 30 days may have arisen from the very assessment against which the protest is filed. That assessment may be so excessive as to place it beyond the financial power of the importer to meet it within 30 days or at any time. Such cases have actually arisen. And yet, even though this assessment may be patently illegal, the language of section 527 absolutely extinguishes all remedy for correcting it, unless cash payment of the illegal exaction is made within 30 days after filing protest.

It seems a sufficient reason for discarding the language referred to that it imposes a penalty for nonpayment out of all proportion to the gravity of the offense. Modern legislation preserves even to a convicted criminal his civil remedies under the law. Whence arises the necessity of such an extreme penalty for failure to meet a financial obligation to the Government?

As a substitute for the language proposed to be eliminated from section 527 it is suggested that the provision found in the present law be restored to section 528. This is a provision which has been in effect for 30 years or more and makes payment of the liquidated duties and charges a condition of having the protest considered on its merits. In practice it may delay, but does not so surely defeat the remedy, for the importer may have his protest considered at any time upon payment of the assessment. It is fully as severe as any such provision should be for it will be seen at a glance that an illegal assessment so large as to make payment impossible would cut off remedy as effectively as under the provision first above discussed.

It should be remembered, in this connection, that the Government has its remedy for the recovery of duties by suit against the importer, independently of the above statutory provisions.

II. THE BOARDS OF GENERAL APPRAISERS SHOULD HAVE POWER TO ORDER ANALYSES OF MERCHANDISE IN GOVERNMENT LABORATORIES.

Section 531: On page 290, in line 2, after the word "board," insert the following: "The boards of three general appraisers shall have power to order analyses of merchandise and reports thereon by laboratories or bureaus for the analysis of textile fabrics maintained by the United States for the analysis of imported merchandise."

Analyses of merchandise, particularly chemicals and textiles, are frequently necessary to determine its proper classification. The Government maintains well-equipped laboratories for this purpose.

Some years ago, the board of general appraisers held that it was without statutory power to order analyses made in these laboratories; although for 25 years or more after its organization it followed the practice of requesting such analyses and the appraiser invariably acceded to such request.

Where an analysis is now necessary, even though an importer is willing to accept the Government laboratory test of his merchandise, the board holds that it is without power to order it made. If the importer produces the analysis of a private laboratory, however, Government counsel is usually forced to have an analysis made in the Government laboratory for the purpose of verifying, or possibly disproving, the accuracy of the importer's analysis. This entails duplication of work, expense, and delay for all parties concerned.

There seems to be no good reason why an imported should not be permitted to have his merchandise analyzed on request, in the Government's laboratories, for the purpose of determining its classification, if he is willing to accept such analysis, which will certainly be made after the importer is put to the expense and trouble of a private analysis.

It is believed the better practice would be to give the boards of general appraisers power to order analyses when requested either by importers or Government counsel. This power could be used in the discretion of the Board and upon such conditions as would prevent an abuse of the privilege.

XII. A SINGLE GENERAL APPRAISER SHOULD HAVE POWER TO ORDER A REHEARING OR RETRIAL OF A REAPPRAISEMENT CASE DECIDED BY HIM.

Section 531: 1. On page 291, in line 15, strike out the word "a" and insert in lieu thereof the word "any."

2. On page 291, in line 15, after the word "case," insert the words "or an individual general appraiser deciding an appeal for a reappraisement."

3. On page 291, in line 18, after the word "board," insert the words "or said general appraiser."

Section 531 authorizes boards of three general appraisers to grant a rehearing or retrial of any case decided by them, upon motion of either party made within 30 days next after such decision.

Single general appraisers who try, in the first instance all appeals for reappraisement, and before whom the parties must exhaust their evidence, have no such power. If important evidence were discovered, after decision of a case by a single general appraiser, it could not be offered before a board of three general appraisers, who must proceed upon the record made before the single general appraiser. There would be no way of getting it before the single general appraiser except, possibly, by appealing

to the board and asking that the case be remanded to the single general appraiser for a new trial. This circumlocution could be avoided if a single general appraiser were given power to order a rehearing or retrial.

As each power is given to most judicial tribunals and no good reason is perceived why it should be accorded to the boards and withheld from a single general appraiser, it is urgently recommended that it be granted to the latter.

Respectfully submitted.

JOHN F. STRAUSS,
THOMAS M. LANE,
GEORGE J. PUCKHAFFER,
FRANK M. HALSTEAD,
B. A. LEVETT,

*Committee on Practice, Procedure, and Legislation of the
Association of the Customs Bar.*

AMERICAN VALUATION.

[Title IV, Section 402.]

BRIEF OF L. J. SCARAMELLI, REPRESENTING THE ITALIAN CHAMBER OF COMMERCE OF NEW YORK.

We desire to invite the attention of your honorable committee to our respectful protest against section 402 of Title IV of the tariff act of 1921, now before your committee for consideration, which, if enacted, will, in our opinion, have far-reaching and detrimental effects upon trade in general, the cost of living, and industrial prosperity at home and our foreign commerce. We also wish to summarize as briefly as possible the difficulties and cost of administering the tariff under the American valuation plan, from which numberless complications and contingencies injurious to the Government's revenue are sure to arise. In our criticism of and opposition to the American valuation plan we are prompted only by the desire of securing for this our country the untrammelled development of its foreign commerce, export industries, and economic domestic welfare.

(1) We are opposed to the American valuation plan because, the percentage of duty being levied on much higher units of cost, it raises tariff duties excessively on many commodities while apparently seeming to lower them.

(2) This will result in an increase in the cost of imported goods utterly out of proportion with the necessity of either protection or revenue and will render them inaccessible to the purses of the majority of the people, giving domestic manufacturers full sway on and control of our markets in the absence of foreign competition, which is one of the most efficient means of keeping products of American manufacturers at reasonable price levels.

(3) Under the American valuation plan, by levying duty on the domestic wholesale selling price current in the United States at the time of exportation from the foreign country of origin, foreign buying will be reduced to guesswork, speculation, and practically gambling. Goods purchased abroad usually are not shipped from the country of origin until some time after they have been ordered. In many instances, especially in the case of manufactures requiring time to be produced or completed on orders from America, the goods will be ready for shipment from the foreign country of production 3, 6, and even 12 months after the purchase has been effected or the contract of manufacture concluded. Thus the American buyer purchasing or giving orders for the manufacturing of goods abroad will not have the slightest knowledge or hint of what the final landed cost of the merchandise will be.

(4) The application of the American valuation plan would require for each importation an immediate and exhaustive research throughout the markets of the United States for comparable and competitive domestic articles, and their prices on the date of exportation of the imported merchandise, failing which, other investigations of different character must be made in order to establish either the price or cost of production of comparable domestic products, or the selling price in the United States of comparable imports, or the selling price, market value, or cost of production of the imported merchandise in the foreign country plus or minus certain charges, expenses, etc., in order to arrive at the value of the goods on which ad valorem duty is to be levied. This would require a tremendous amount of work, utterly disproportionate to the result expected or eventually achieved, and often periods of weeks and months would elapse before such value could be ascertained, compelling the American buyer in the meantime to suspend all transactions on his goods, however honestly and in bona fide imported.

(5) The American valuation plan would cause not only a tremendous amount of work and loss of time but litigation as well, since before we could determine what "comparable" and "competitive" meant it would certainly be necessary to get judicial decisions, and after these decisions have been secured numberless controversies would arise between importers on one side and Government officers on the other as to the application of such decisions to each specific or individual case, not only as to the comparableness and competitiveness of the domestic with the imported article but also as to the prices of the former, which may widely differ in the various markets of the United States. We can get some idea of the confusion and causes of litigation which the American valuation plan will engender if we consider—

(a) The large variety of imported articles subject to ad valorem duties—that is, 1,248 items out of a total of 2,519 classified in the present tariff (which contains a smaller number of items subject to ad valorem duty than the Fordney tariff bill) and each of these items including hundreds or even thousands of articles, each differing in construction, use, and value, like certain types of laces for which the examiner will have to keep track of the market value of 5,000 numbers.

(b) The variation in prices of the same domestic or imported article according to the different American markets in which it is sold and which may amount, in certain cases, to over 50 per cent, making it impossible for the appraiser to determine any price with even the approximate certainty of striking a fair figure or average as the basis of value on which to assess duty.

(6) When compelled to take the selling price in the United States of comparable imports in order to fix the value on which to assess duty, the amount of duty would automatically increase at each new importation. In fact, the selling price of the article previously imported and later taken as the basis of comparison, includes the American duty paid at the time of its importation. The "similar" article imported later, therefore, being assessed duty on the basis of such value, will pay duty upon duty, which, in turn, will increase its selling price, and the next importation will, consequently, pay a still higher amount of duty, and so on. We will, therefore, in a short time be confronted with such pyramiding of duty upon duty as to make it actually prohibitive to import any article subject to ad valorem duty when its value is based upon the selling price in the United States of comparable imports.

(7) Nor will we be able to escape this pyramiding effect even in cases when ad valorem duty is assessed on the selling price of comparable and competitive domestic products. It is a well-known axiom that an article obtains the highest price that the market can stand and that two competitive articles are sold on the same market at practically the same price level. Now, if the price of the domestic competitive article, as well as that of the imported article is \$1 and the duty is say, 50 per cent, the landed cost of the imported article will be \$1.50 and its selling price will be at least that much. The domestic manufacturer will then raise the price of his product to \$1.50 or, if he is anxious to secure a wide market against the foreign competitor, \$1.40, and this will be the minimum value on which 50 per cent will be levied on the next import of the same or comparable article; that is, not 50 cents but 70 or 75 cents. The landed price of the next importation will then be \$1.70 or \$1.75 and the domestic manufacturer will accordingly raise the price of his article again, and so on ad infinitum, making the cost of the article so great for the consumer in the end that buying would stop; in which case the domestic manufacturer will have the unfair chance of reducing the price of his product to the level demanded by the retailer market, jeopardizing only a fraction of his profits. This situation may arise even when the cost of the foreign article is lower, before the duty is assessed, than that of the domestic, in our case even 90 or 80 or 70 cents as compared with \$1, and in any other case when the cost of the imported article plus duty is higher than that of the competitive domestic product.

(8) The American valuation plan would decrease our imports to such an extent that our customs revenue would suffer. This is the opinion of 46 out of 51 leading American economists whose opinions were secured on this subject by the New York University Bureau of Business Research.

(9) Reduced imports mean not only reduced revenue, but also, in the end, reduced exports with the attendant reduction of production, both agricultural and industrial, of raw and finished goods. Foreign nations can only purchase from us on the basis of an exchange of goods and only under temporary, exceptional circumstances and for limited amounts can they be expected actually to pay us in gold. President Harding has repeatedly asserted that "we can not hope to sell where we are not willing to buy," a thought which he took good care to emphasize openly and explicitly in his recent message to Congress, when calling the attention of the legislators to the principle which recognizes "the necessity of buying wherever we sell." Reduced purchases by foreign nations from us will mean high prices, increased unemployment, and business depression.

(10) That the American valuation plan contains the germs of great injury to our foreign trade has also been stated by President Harding in his message to Congress, when he warned that august body that "there can not be ignored the danger of such a valuation, brought to the level of our own cost, making our tariff prohibitive."

This warning, coming, as it does, from the chief of the Nation, absolves us from producing further arguments to prove the evil effect of the American valuation plan on our foreign commerce.

(11) The same difficulties and contingencies would, in our opinion, arise in the enactment of the provision, recommended by President Harding in his message, authorizing proclaimed American valuation, under prescribed conditions, on any given list of articles imported, so as to create what is purported to be a "flexible tariff." Aside from the dangers besetting any attempt to carry out that recommendation in an equitable spirit—an attempt that would be confronted with the same obstacles as mentioned in various paragraphs of our brief—there would still remain the uncertainty for the American buyer of determining the landed price of goods which he is about to order for future shipments, since conditions requiring, in the mind of the Executive, a change in the tariff might arise at any moment and the buyer, at the time when his purchases reach the United States, may find rates of duty increased to such an unexpected level as to upset any of his selling prospects, however large the margin of safety he may have figured upon.

(12) We do not wish to seem taking advantage of the kindness of your honorable committee, but willing as we are to forego other arguments which we feel could be fairly advanced to substantiate our criticism of and protest against the American valuation plan, yet we can not close these remarks without ranging ourselves against the sophistry of those supporters of the American valuation plan who contend that the depreciation of currency in foreign countries is now such as to make the price of their goods in that currency, when compared with that in American dollars, and the cost of production of imported articles from those countries extraordinarily low. It will be easy for you to ascertain the price of certain products before this slump in foreign exchange took place and that of the same products in depreciated currency at present and in most cases you will see that notwithstanding every exchange allowance the price, when translated into dollars, is to-day higher than it was when the exchange was at par.

To quote one instance only from the Italian-American trade which our organization represents, the export price of Parmesan cheese was, with exchange at par, about 300 lire or \$60 per 100 kilos. With Italian currency depreciated about 78 per cent, it would be sufficient for the export price of that cheese to reach the figure of 1,350 lire to be equivalent to that obtaining when the exchange was at par; yet its export price is to-day in the neighborhood of 2,500 lire (\$110), or nearly twice what it should be if we took as our basis of calculation the exchange conditions only. A similar demonstration could be given concerning labor, since Italian laborers who were paid 6 or 8 lire per day before the war, are now receiving at least 24 to 30 lire per day.

But what the supporters of the American valuation plan seem to forget most is that not all goods exported are made from materials which are the product of the country in which those goods have been manufactured. To confine our example to Italy only, when an article made of cotton, for instance, is exported to the United States, practically everything which goes in to make that article, with the exception of labor, was purchased abroad under adverse exchange conditions. The cotton of which that article is made, the transportation of the raw material to Italy, the subsequent transportation of the finished article to the United States, the coal for running the cotton mills, the very material of the mill's machinery, including the looms, and often the machinery and the looms themselves, the lubricants used upon them and countless items directly or indirectly entering in the manufacture of that article of cotton, have been purchased abroad, possibly in America, and paid for in gold or in good American dollars or British pounds sterling. It is therefore evident that even granting for the sake of argument, that Italy enjoys the benefit of depreciated currency in some items—which we deny, because the economic welfare of no nation derives any positive advantage from such abnormal conditions—the Italian producer must, on account of that very depreciation, pay for the purchase of raw material needed in his industry a comparatively enormous price in the currency of his country, a situation which the supporters of the American valuation plan would do well to consider, not losing sight of the fact that Italy imports practically all the basic materials of her industries from countries with gold exchange at par, as the United States, or nearly at par, as Great Britain.

They should also be made to realize that Italy is one of the United States' best customers and that many American farms and factories, mines and mills owe their prosperity, if not their very existence, to her buying power. A limitation of Italian

imports in this country, especially through the adoption of a plan such as the American valuation, or through any other measure tending to obtain such limitation by rules and regulations impossible or very difficult to comply with, while from them the country would derive no appreciable advantage—curtailing that power would lessen that prosperity and jeopardize that existence, adding in no small degree to the country's unemployment and business stagnation.

The Italian Chamber of Commerce in New York therefore respectfully requests that the American valuation plan, as contemplated in section 402 of Title IV of the tariff of 1921, H. R. 7456 (commonly designated as "Fordney tariff bill"), be abandoned and the method of valuation as provided in the tariff act of October 3, 1913, be re-enacted or, as an alternative, that section 302 of the administrative disposition of the emergency tariff, now ruling, be maintained.

OWNERSHIP FOR ENTRY.

[Title IV, Section 489.]

STATEMENT OF WALTER E. DOHERTY, SECRETARY OF THE STEAMSHIP FREIGHT BROKERS' ASSOCIATION OF BOSTON, MASS.

Mr. DOHERTY. Mr. Chairman, I refer to section 489 of the Fordney bill, entitled "Ownership for entry" [reading]:

All merchandise imported into the United States shall, for the purposes of this act, be held to be the property of the person to whom the same is consigned; and the holder of a bill of lading duly indorsed by the consignee therein named, or, if consigned to order, by the consignor, shall be deemed the consignee thereof. * * *

It is the practice among customs brokers throughout the country, when they are unable to obtain customs powers of attorney from their clients, especially when located some distance from the port of entry, to make entries in their own names. It is also the practice that a bill of lading properly indorsed, accompanied by a consular invoice, is given to the customs broker, who is recognized by the Treasury Department under a license to do business.

The said section 489 is similar to corresponding sections in previous tariff acts. In view of this fact the collectors of customs at the different ports of entry have always called upon the customs brokers for the payment of additional or increased duties.

Oftentimes it has been impossible for the broker to collect from the owner of the merchandise because of his having gone into bankruptcy, out of the country, or out of business.

I have in mind a concern with originally a large capital with which I did business and which failed suddenly; and I have facing me to-day the possibility of paying a large amount of money which the collector says he will collect from me. I am not the owner; I simply acted as agent for the importer, making therefor the customary nominal charge.

Section 492 of the Fordney bill practically contradicts said section 489. Said section 492 reads in part—

Whenever any entry covering merchandise subject to duty and valued at more than \$100 is made by an agent or person other than the person to whom such merchandise actually belongs or is ultimately consigned, the collector of customs shall require a bond to be given, in a penalty to be fixed by the Secretary of the Treasury, for the production of a declaration of the actual owner or ultimate consignee respecting the merchandise in a form prescribed by the Secretary of the Treasury.

To be logical, Congress should not say that the real owner or consignee of the goods and the customs broker are both owners of the merchandise and are equally liable.

I feel that said section 489 should be amended in such a way that the owner or the ultimate consignee of the merchandise named in the declaration on the customs entry shall be deemed the sole owner of the merchandise—for all customs purposes.

Senator WATSON. Mr. Davis desires to ask you a few questions.

Mr. DAVIS. In the first place, if the merchandise comes to you as the owner, of course, you have got to be responsible?

Mr. DOHERTY. May I ask you what you mean by "owner"? How can a customs broker be the owner?

Mr. DAVIS. It may be shipped to you, and your name may be the only name which appears.

Mr. DOHERTY. That would undoubtedly be a consignment sent to me as agent to be delivered to the owner named in the entry declaration.

Mr. DAVIS. In that case you become the owner. But if it came to you as the agent, the name of the ultimate consignee would be disclosed at the time of entry?

Mr. DOHERTY. Always.

Mr. DAVIS. And you would not be bound. The ultimate consignee will have to be responsible for the ownership of those goods and the duties unless you make the entry in your own name as the owner. If you are the ultimate consignee you are responsible. But if you are merely agent of the owner the owner is responsible for the agent's acts.

Mr. DOHERTY. That is very good. I might say, when the customs entry is made in my name, I take the oath as agent only. I have a blank entry form here, which has a jurat at the bottom, which says, in part, "I declare that so and so, of such and such an address, is the owner, purchaser, or the ultimate consignee of this merchandise." * * *

Senator WATSON. Have you any objection to what Mr. Davis has said?

Mr. DOHERTY. At the bottom I sign my name, and it is always the practice to sign "agent." This has been the method for years.

Senator SMOOT. If this is rewritten in the course of Mr. Davis's statement, it will be satisfactory to you?

Mr. DOHERTY. Yes, Senator.

MANIPULATION IN WAREHOUSE.

[Title IV, Section 562.]

BRIEF PRESENTED BY HON. JULIUS KAHN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA.

Senator McCUMBER. Senator Shortridge has asked that a brief by Congressman Kahn, on vegetable oils, be inserted in the record, and it will be inserted at this point.

SAN FRANCISCO, CALIF., *October 17, 1921.*

FINANCE COMMITTEE,

United States Senate, Washington, D. C.

GENTLEMEN: Directing your attention to section 562 of H. R. 7456, the tariff bill, and especially to the following provision thereof:

"* * * All merchandise so withdrawn shall be withdrawn in the original packages in which imported unless, upon application of the importer, it shall

appear to the collector of customs that it shall be necessary to the safety of preservation of the merchandise to repack or transfer the same: *Provided*. That upon permission therefor being granted by the Secretary of the Treasury, merchandise may be cleaned, sorted, repacked, or otherwise changed in condition, but not manufactured, in bonded warehouses established for that purpose and be withdrawn therefrom for exportation, without payment of the duties, or for consumption, upon payment of the duties accruing thereon, in its condition at the time of withdrawal from warehouse."

There has been developed by importers of the United States a large business in vegetable oils, resulting in the use of tank vessels for carrying this cargo from overseas. There is also a movement of these oils in barrels and in cases. Upon arrival at Pacific coast ports the oil carried in tank vessels is pumped directly from the vessel into tank cars or into shore tanks, or again into vessels' tanks for reshipment to Mexico, Canada, and Cuba. Oil in barrels and in cases must be bulked, since this class of container will not stand up under long rail shipment during certain seasons of the year, and in fact must be shipped under refrigeration in warm weather, making the cost prohibitive. After bulking, the oil is shipped in tank cars.

Under section 562, as we read it, both bulk, barreled, and cased oil bulked on arrival here can not be reexported without the payment of duty thereon, since the oil would not be in the "original container" in which imported, but in tank car or tank cars. Therefore it must be apparent to your honorable committee that this works a manifest injustice upon the importer, who will be forced to relinquish this business which has been built up only after long effort and at considerable expense.

Such a provision of the law affects not only the importer, but also (1) American vessels equipped with deep tanks for carrying vegetable oils, (2) oil terminals erected at Seattle, Tacoma, Everett, Portland, and San Francisco, representing an investment aggregating hundreds of thousands of dollars, and giving employment to scores of workmen. These plants are maintained by private enterprise as well as by local governments. Seattle has several private terminals and the port of Seattle also has invested in such terminal. The port of Portland has a similar public-owned terminal and at San Francisco the State of California has installed a terminal under lease to importers. The San Francisco terminal is bonded to the United States Government. It will thus be seen that this matter is of vital concern to the public as well as private interest.

It is needless to urge upon your honorable committee the necessity for developing American foreign commerce. It appearing that section 562 was written without all the facts being known to the committee, we most respectfully request that this provision be so amended as to permit the transshipment in tank cars from American ports of entry of vegetable oils brought from overseas either in bulk or in containers as named, without the added penalty of paying duty thereon.

If your honorable committee desires detailed information as to the investment in terminal facilities we shall be pleased to furnish same.

Yours, very truly,

FOREIGN COMMERCE ASSOCIATION OF THE PACIFIC COAST,
HENRY P. DIMOND, *Chairman*.

APPENDIX.

SCHEDULE 1.—CHEMICALS, OILS, AND PAINTS.

WHITE ARSENIC.

[Paragraph 1.]

STATEMENT OF WILLIAM LOEB, JR., VICE PRESIDENT AMERICAN SMELTING & REFINING CO., NEW YORK CITY.

MR. LOEB. Mr. Chairman and gentlemen of the committee, I appear before you this afternoon as spokesman for the producers of arsenic oxide, or white arsenic.

The present House bill provides for a duty of 25 per cent ad valorem on white arsenic.

The production in the United States in 1920 amounted to 10,260 tons. The imports for the same year amounted to 4,050 tons.

The cost of production in the United States was 6 to 7 cents f. o. b. plants. In foreign countries the cost of production is unknown; but in view of the fact that our principal competition is with Mexico, Australia, Germany, and Japan, and that in all of these countries except Australia the production costs are generally very much lower than the cost of production in the United States, we estimate that the cost of production in Japan and Germany is not over 3 cents a pound, and somewhat higher in Mexico.

Senator McCUMBER. That is per pound of what?

MR. LOEB. White arsenic.

The present market price is 6½ to 7 cents delivered to buyer's works in carload lots, or approximately 5½ cents per pound f. o. b. producing plants.

Arsenic is used principally in the manufacture of glass, Paris green, and insecticides.

Arsenic is produced in this country primarily as a by-product. If the price is high enough to give a reasonable margin of profit the arsenic is recovered. If the price is not high enough to give such a reasonable profit, the arsenic content is wasted.

Senator SMOOR. Are you speaking of sulphide of arsenic?

MR. LOEB. No. Of white arsenic, oxide of arsenic.

On the general theory that the country is interested in conserving its raw materials, we believe the price of arsenic should be high enough to warrant its recovery as a by-product. A sales price of 4 cents or 5 cents a pound will not warrant its recovery, whereas a sales price of 7 cents or 8 cents a pound will, in our opinion, warrant its recovery.

We are asking for a specific duty of 3 cents a pound, instead of an ad valorem duty of 25 per cent as now proposed. In addition to the

reasons set forth for this request, we beg to point out that an ad valorem duty of 25 per cent will not, in our opinion, result in any material protection for the following reasons:

Assume that the price of arsenic in Germany and Japan is 3 cents a pound and the price in this country is 7 cents a pound: The ad valorem duty based on 7 cents a pound would be $1\frac{3}{4}$ cents a pound, which would mean that the Germans and Japanese could sell their arsenic at a net of $5\frac{1}{4}$ cents a pound delivered in this country. By holding their price somewhat under $5\frac{1}{4}$ cents per pound they could still net in Germany and in Japan a very handsome profit over their domestic price and cost of production. This would, without doubt, force the American producers to lower their price, and this process could be repeated so that in each stage of the reduction a lower duty would be assessed against foreign arsenic.

As a matter of fact, arsenic is being offered from Japan in New York at 5 cents a pound.

American producers will desire protection when the price is under 7 cents a pound, and do not need protection when the price is over 8 cents a pound, based on current costs. We therefore ask for a specific duty of 3 cents a pound.

(Mr. Loeb submitted the following data:)

United States production.

	Tons.		Tons.
1913 -----	2,265	1918 -----	5,470
1914 -----	3,075	1919 -----	5,860
1915 -----	4,860	1920 -----	10,260
1916 -----	5,805		
1917 -----	5,780	Total -----	43,375

Imports.—Figures of imports for the prewar years are not available but they were practically nothing. Recent importations have been in considerable volume, as follows:

	Tons.
1919 -----	4,389
1920 -----	4,050

From best information obtainable, imports to date in 1921 have been running at the rate of 200 tons per month, although practically all of the arsenic plants in this country are now shut down.

BRIEF OF GEORGE F. THOMPSON, REPRESENTING NIAGARA SPRAYER CO., MIDDLEPORT, N. Y.

The tariff bill as passed by the House, in Title I, Schedule 1, and paragraph 1, imposes a duty on white arsenic of 25 per cent ad valorem.

The Niagara Sprayer Co. manufactures insecticides and fungicides for the use of growers and planters of the United States. Approximately 17 other companies in the United States are engaged wholly or in part in the manufacture of the same product, but the Niagara Sprayer Co. is the largest company whose business is wholly devoted to the manufacture of insecticides and fungicides for agricultural uses.

These materials go directly to the use of the farmer in producing and protecting crops. In the manufacture of these materials various chemical substances are used, viz, sulphur, copper, soda ash, lime, nicotine, arsenic, etc.

Arsenic is used in very large quantities both by the growers and planters in the form of arsenate of lead for fruit and vegetables and calcium arsenate for the control of the cotton-boll weevil and for other preparations.

But a part of the arsenic available is produced in the United States. It is a by-product from silver, lead, or copper mines. Large quantities are pro-

duced in Mexico, Japan, and some in Germany. As near as can be ascertained, the annual production of arsenic from all sources is about 20,000 tons a year. A portion of it is absorbed in the drug trade, a larger portion in the manufacture of glass, and the greater portion thereof for insecticide purposes.

There is not sufficient arsenic produced in the United States to meet all these demands and importation is necessary.

There is no record of any promise on the part of American producers, or intending producers, to meet the demand for uses in the United States at a reasonable price if protected by tariff.

Under the circumstances, if a duty is imposed in the tariff bill, it will simply result in a tax which will necessarily be added to the price and passed on to the ultimate consumer, viz, the American farmer, fruit grower, or planter, and add to the already overburdensome speculative investment in a crop.

If sufficient arsenic were produced in the United States to meet the demands at a reasonable price, it would be immaterial whether a heavy duty were imposed or not, but, under the circumstances, it is submitted that unless the committee have evidence that the protection afforded will increase production in this country to an extent sufficient to make available enough arsenic at a reasonable price to meet the demand for the drug trade and agricultural and other commercial uses white arsenic should be placed on the free list.

It is also submitted that the demands for the use of arsenic for insecticide purposes are constantly increasing, and it is quite possible that within a very short time the demand may exceed available production of 20,000 tons per year.

We ask that white arsenic be eliminated from paragraph 1 and placed on the free list.

ARSENIC AND ARSENIC ACID.

[Paragraph 1.]

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. Have you had a hearing with reference to arsenic and arsenic acid, paragraph 1?

Senator McCUMBER. Yes; and the matter was covered very fully as to black, white, and blue arsenic.

Senator JONES of Washington. I have a letter from the Spokane Fruit Growers' Co., of Spokane, and also a letter from the Commercial Club of Wenatchee. They both protest against the tariff on arsenic. It is largely used in spraying.

Senator McCUMBER. What is your opinion about it, Senator, as to whether it should be protected?

Senator JONES. I do not know, Senator. I have not had an opportunity to go into the production and the use of it for other things in this country and what can be done. I am in favor of protection. I am in favor of applying the principle of protection wherever it is necessary to develop our industries; and the mere fact that this may be necessary in connection with fruit would not, of course, lead me to think that it should not have protection if protection is necessary to develop another important industry in this country.

Senator McCUMBER. They want 3 cents a pound on white arsenic, but the sulphite of arsenic they are perfectly willing to put upon the free list.

Senator JONES of Washington. I think the white arsenic is what they use largely in spraying.

Senator SMOOR. They would use it probably on account of the freight.

Senator JONES of Washington. I wanted to present this. They asked me to do it. I know that fruit raising is a very great industry out there. They use a great deal for spraying. I want it to

be considered by the committee in connection with the other phases that no doubt the committee had before it.

(The letters referred to are as follows:)

SPOKANE, WASH., July 20, 1921.

HON. WESLEY L. JONES,
United States Senate, Washington, D. C.

DEAR SENATOR JONES: Our attention has been called to the fact that a duty of 25 per cent is proposed on white arsenic and arsenic acid. These substances are used in enormous quantities in agriculture as a basis of spraying materials for the destruction of codling moth, boll weevil, and other insect pests, as well as in poisons for gophers, mice, etc.

A duty on these two commodities, therefore, would mean a great increase in the cost of production of lead arsenate and other poisons used in agriculture and would throw an especially heavy burden upon the growers of fruit in the Northwest, where vast quantities of lead arsenate are used annually as a protection against the codling moth.

Therefore, on behalf of the several hundred members of this company, we respectfully urge that you kindly give every assistance possible to secure the elimination of this item from the proposed tariff bill.

Thanking you for any assistance you may be able to render, we are,

Your, very truly,

SPOKANE FRUIT GROWERS' CO.
C. J. WEBB, *Assistant Secretary.*

WENATCHEE, WASH., July 30, 1921.

SENATOR WESLEY L. JONES,
Senate Office Building, Washington, D. C.

DEAR SENATOR: The attention of the legislative and taxation committee of the Wenatchee Commercial Club has been called to the fact that the proposed new tariff law suggested a duty of 25 per cent on white arsenic and arsenic acid.

White arsenic is used in the manufacture of arsenic of lead, which is used very extensively as spray matter in the horticultural districts in the control of codling moth and if this new tariff law passes both the House and the Senate and becomes a law it undoubtedly mean that the fruit growers will be unable to buy their arsenic of lead spray materials at prices any less than those which prevailed during the war.

Inasmuch as prices for the fruit have taken a considerable drop since the war, this will work a hardship upon the growers on account of its tendency to keep up their cost of production.

The legislative and taxation committee of this organization have recommended to the board of trustees that this organization go on record as favoring a provision in the proposed new tariff law exempting white arsenic and arsenic acid from import duty so far as it is used for horticultural purposes. The board of trustees has adopted this report of the committee, and this organization goes on file as recommending the above.

Trusting that we may have your cooperation in the interests of the Northwest fruit-growing sections, I am,

Sincerely, yours,

V. H. CLEARMAN,
Managing Secretary.

BARIUM PEROXIDE.

[Paragraph 5.]

BRIEF OF M. J. RENTSCHLER, WILLOUGHBY, OHIO, REPRESENTING THE J. H. R. PRODUCTS CO.

Subject: Embargo or adequate duty.

Reason: European competition and dumping.

Cost: American, 16 cents per pound.

Foreign offers: 8 cents to 15 cents per pound.

Duty: Present, 1½ cents per pound; H. R. 7456, 4 cents per pound; desired, embargo until currency exchange has become normal, and thereafter a duty of not less than 8 cents per pound.

Uses: In peace as a disinfectant; in medicine, for the manufacture of hydrogen, peroxide, sodium perborate, and other peroxygen compounds; in war, as a disinfectant for ships and men-of-war (see Navy Department Bulletin); for tracer shells (see records of Frankfort Arsenal, Philadelphia, Pa.); for manufacturing hydrogen peroxide, which is used in the treatment of wounds and commercially as a bleach.

We desire to appeal for an embargo on barium peroxide until currency exchange shall have become normal, and thereafter a duty of at least 8 cents per pound. The manufacture of barium peroxide is a key industry because it enters either directly or indirectly into the manufacture of other chemicals, medicines, woolen goods, cottons, silks, hair goods, celluloid, etc.

England, France, and Germany prevent our shipping barium peroxide in their countries by embargoes, but they are taking advantage of the fact that America has no embargo on barium peroxide, and are offering this product to our American customers at prices below those they charge in their own countries. We can not meet this competition, and we are entitled to an embargo or an adequate duty which will place us on an equality basis with these European manufacturers.

During the war there were no importations of barium peroxide in the United States. According to the Oil, Paint, and Drug Reporter, 200,000 pounds were imported in 1920, and 1,005,934 pounds in 1921.

According to Tariff Information, Series No. 18, the cost of producing barium peroxide in the United States in 1919 was 19.7 cents per pound. To-day this cost is at least 16 cents per pound. Europeans are offering barium peroxide to our American customers as indicated below. The original quotations given are on file at our Willoughby office. Prices are quoted in cents per pound c. i. f. New York:

Karl Raspe, Berlin, Germany.....	12. 5
B. LaPorte (Ltd.), Luton, England.....	14. 3
Maatschappij Voor Chemische Producten, Amsterdam, Holland.....	10. 5
Buisson & Chanu, Deville-les-Rouen, France.....	10. 64
Garrigues (Inc.), New York, United States of America.....	11. 8
Aug. Kjaersgaard, Copenhagen, Denmark.....	7. 97
L'Air Liquide, Paris, France.....	12. 95

The present duty on barium peroxide is 1½ cents per pound. H. R. 7456 provides for a duty of 4 cents per pound. A number of importers have already offered to absorb the major portion of this increase in duty should the bill as it now stands become a law.

The above shows that 4 cents is an inadequate duty on barium peroxide. We asked the Fordney Ways and Means Committee to protect barium peroxide duty with a duty of 8 cents. They changed our request to 4 cents for no reason whatever, thus sacrificing our business and the American industry to European interests.

So far as we know we are the only surviving manufacturers of barium peroxide for the market in the United States. Other American producers are either out of business or in the hands of creditors' committees or bankruptcy courts. Our plant at Willoughby, Ohio, is shut down.

We pray that you increase the duty on barium peroxide to equalize labor, money exchange, and other conditions, thus enabling us to operate our plant and take care of the American demands for barium peroxide now supplied by Europe.

HYDROGEN PEROXIDE.

[Paragraph 5.]

BRIEF OF THE MANUFACTURERS OF HYDROGEN PEROXIDE.

Since the hearings on the chemical schedule were closed by your committee a condition has arisen which threatens to become a calamity to the manufacturers of peroxide of hydrogen in this country. Heretofore little or none of this chemical was imported, but recently German manufacturers have offered hydrogen peroxide, the equivalent of our 10-volume strength, in unlimited quantities at 2.6 cents per pound, c. i. f. New York.

The cost to produce this chemical in the United States is about 4.5 cents per pound. Therefore, we respectfully request that hydrogen peroxide be

taken out of the basket clause, paragraph 5, tariff act of 1921, as passed by the House of Representatives, and a new paragraph inserted in the tariff act to read as follows:

"Hydrogen peroxide at the rate of 3 cents per pound for 10-volume strength or a proportionate rate for other strengths."

Under the Underwood tariff act hydrogen peroxide is included in the basket clause, paragraph 5, at 15 per cent ad valorem. The tariff act of 1921 as passed by the House of Representatives allowed this chemical to remain in the basket clause, paragraph 5, which increased the duty to 25 per cent ad valorem. This duty, if assessed on the American valuation of 4.5 cents per pound, will amount to 1.125 cents per pound, and added to the present German selling price of 2.6 cents will give a price of 3.725 cents, which is about three-fourths cent per pound below the actual cost of production in this country. If, on the other hand, the 25 per cent should be assessed on the German valuation the duty would amount to 0.65 cent per pound and would permit the German goods to be sold here for 3.25 cents per pound or 1.25 cents below the American cost.

Hydrogen peroxide is now manufactured in the United States by at least a dozen large concerns located in various parts of the United States. The combined capital invested in this industry amounts to several million dollars. The annual production of hydrogen peroxide in the United States exceeds 30,000,000 pounds of 10-volume strength, which is sold at wholesale in barrels at about 5 cents per pound.

Hydrogen peroxide is used principally as an antiseptic and for bleaching, for which uses it is generally sold of "10-volume" strength, meaning that each volume of the liquid produces 10 volumes of active oxygen gas. Hydrogen peroxide of various other volumes is produced and sold, the 10-volume, however, being the acknowledged standard in this country for the past 25 years.

The hydrogen peroxide produced and offered for sale here by German manufacturers is of 100-volume strength, and can readily be diluted to the strength required for use in this country. This concentrated strength minimizes the amount expended for freight as well as the cost of containers, thus enabling them to deliver their product in the American market at a price but little influenced by the cost of ocean transportation.

One of the principal raw materials used in the manufacture of hydrogen peroxide in the United States is barium dioxide, which is made both here and in Europe. Under the present tariff act barium dioxide is dutiable at $1\frac{1}{2}$ cents per pound, paragraph 10, while under the tariff act of 1921, as passed by the House of Representatives, this duty is increased to 4 cents per pound, paragraph 11, which is an increase of 170 per cent, while the increase on hydrogen peroxide from 15 to 25 per cent is only $66\frac{2}{3}$ per cent on the finished product.

If for no other reason than to remove a very glaring inconsistency in the present tariff act, the duty on the finished product, hydrogen peroxide, should be increased in equal proportion to the duty on the raw material—barium dioxide.

In addition to equalizing the duty on the finished product with that on the raw material, it is also necessary to add to such duty an amount which will in a measure equalize the labor cost in this country with labor cost in Germany. The depreciated value of the German mark must also be taken into consideration, as under present conditions the German manufacturers can dominate the American market, in which they were unable to compete prior to the war.

As heretofore stated, American manufacturers have always supplied the domestic requirements for hydrogen peroxide, but if this industry is not protected by equalizing duties the domestic manufacturers will be driven from the field by the importation of the highly concentrated hydrogen peroxide manufactured in Germany under unprecedented conditions governing both the cost of labor and raw material.

In view of the foregoing we respectfully renew our request that hydrogen peroxide be specifically provided for with a duty at the rate of 3 cents per pound based on 10-volume strength.

John Bene & Sons, Brooklyn, N. Y.; The Grasselli Chemical Co., Cleveland, Ohio; The J. H. R. Products Co., Willoughby, Ohio; The Mallinckrodt Chemical Works, St. Louis, Mo.; Oakland Chemical Co., New York City; Parke, Davis & Co., Detroit, Mich.; Roessler & Hasslacher Chemical Co., New York City.

BARIUM DIOXIDE.

[Paragraph 11.]

BRIEF OF JOHN BENE & SONS (INC.), BROOKLYN, N. Y.

What is peroxide of hydrogen?—Peroxide of hydrogen is an antiseptic and is composed of the following ingredients:

Barium dioxide, 87 per cent; sulphuric acid, phosphoric acid, etc., 13 per cent.

The present duty on barium dioxide.—The duty on barium dioxide is 1½ cents per pound, and has been so continuously since the passage of the Payne-Aldrich bill in 1909. That prior to the passage of the Payne-Aldrich bill the duty was 25 per cent ad valorem, which figures less than the duty now paid on the importation of this article.

The proposed duty on barium products.—The proposed duty on barium dioxide is 4 cents per pound. That the highest duty proposed on any other barium product is 2 cents per pound, which is on barium nitrate.

The present cost of imported barium dioxide.—Barium dioxide can be imported at the present time from England at a cost, with duty paid, of 16 cents per pound for a high-grade quality. This product can be imported from Germany, of a low grade, at a cost of 12½ cents per pound, duty paid.

The manufacturers of domestic barium dioxide.—Barium dioxide in this country is manufactured by three firms, namely: Oakland Chemical Co., of New York; J. H. R. Products Co., of Willoughby, Ohio; Peroxide Chemical Co., of St. Louis, Mo.

The first-named concern manufactures exclusively for their own use.

The second and third named concerns are large manufacturers of peroxide of hydrogen and are competitors of John Bene & Sons (Inc.), of Brooklyn, N. Y.

The cost of domestic barium dioxide for the ensuing year.—The only company that has offered to sell John Bene & Sons (Inc.) barium dioxide for the ensuing year is the Peroxide Chemical Co., of St. Louis, Mo., and quoting from their letter of October 5, 1921, they say: "Barium can be turned out and sold at a price to meet the lowest reputable firm in Germany, which to-day, I understand, is 12½ cents per pound. With the new duty that is proposed this will add 2½ cents per pound, which, of course, this barium company will want to make, which is natural. This will make a total cost of 15 cents per pound f. o. b. New York."

Monopoly of the barium dioxide industry in this country.—As stated above, there are only three manufacturers of barium dioxide, from one of whom the product can not be purchased as they manufacture solely for themselves, and the other two are keen competitors of the John Bene & Sons (Inc.), of Brooklyn. It will be readily seen that having the manufacture of this product in the hands of just two firms, both of whom are competitors, John Bene & Sons (Inc.) will be compelled to purchase from either one or the other, and the price would be regulated by them to suit themselves and will in all probability lead to the destruction of their competitors.

The reputation of John Bene & Sons (Inc.).—The above firm has been in business continuously for the past 40 years and has manufactured peroxide of hydrogen solely. That they sell to hospitals, public institutions, chain-store syndicates, and department stores, where the public get the benefit of the low cost of their product. If the duty is increased the cost would eventually fall upon the purchasing public.

BLEACHING POWDER.

[Paragraph 13.]

STATEMENT OF FRED TRUEMPY, REPRESENTING EUGENE SUTER & CO., NEW YORK CITY.

Mr. TRUEMPY. I am a partner in the firm of Eugene Suter & Co., importers and exporters of chemicals.

I would like to say a few words in connection with the proposed duty on bleaching powder.

Bleaching powder is a chemical and is made from chlorine gas as a by-product, and it is our contention, as importers, that the manufacture of bleaching powder in this country, as an industry, does not require any special protection against foreign competition.

Senator McCUMBER. Is there some connection between the bleaching powder and chloride of lime?

Mr. TRUEMPY. Yes, sir.

Senator McCUMBER. Very well; I understand now what you are talking about.

Mr. TRUEMPY. This industry in this country is well established and has been carried on profitably for many years. It was carried on profitably for many years before the war.

Senator SMOOT. Do you want this product on the free list?

Mr. TRUEMPY. Yes, sir.

I should like to ask permission to prepare a memorandum to supplement my statement. For the time being I have only a few figures here.

There was a special duty established in 1897 of one-fifth of a cent per pound, in order to encourage the industry in this country. This duty was confirmed by the act of 1909. It was reduced, however, to one-tenth of a cent per pound by the act of 1913. It is now proposed to increase it by one-half cent to a total of six-tenths or three-fifths of a cent per pound.

The domestic production in 1909 amounted to about 116,000,000 pounds. In 1914 it had increased to 310,000,000 pounds. In addition to this, there was a production of chlorine, or liquid gas, of 12,000,000 pounds.

In 1917 the production of bleaching powder amounted to 200,000,000 and the production of chlorine gas had been increased to 36,000,000 pounds.

In 1918 the production of bleaching powder was 206,000,000, in addition to the production of chlorine gas of 44,000,000 pounds and 31,000,000 pounds in the form of liquid bleach, consumed in that form at bleaching plants.

The imports in 1911 amounted to 90,000,000 pounds; in 1912, 99,000,000 pounds; in 1913, 73,000,000 pounds; in 1914, 75,000,000 pounds; in 1915, 47,000,000 pounds; in 1916, 18,000,000 pounds; in 1917, 3,000,000 pounds.

Of this imported bleaching powder about 75 per cent was supplied by England and the balance chiefly by Germany.

In 1914 and previously the price ranged from \$1.20 to \$1.30 per hundred pounds, both on the imported and the domestic goods in this country.

In 1921 contracts were made by domestic manufacturers on the basis of \$3.50 per hundred pounds at the works. That, I believe, explains in a way the present high cost of paper manufacture, which was discussed in this room this morning. The paper industry is the largest consumer of bleaching powder in this country.

In 1914 the price was \$1.20 per hundred pounds or \$24 per short ton. Last year it was as high as \$70 a ton.

There are some plants which consume as much as 5,000 tons per year. There can easily be a saving accomplished of some \$50,000 a year.

In 1921 the imported material sold, early in the year, around 3 cents a pound. It later declined and sold at one time below 2 cents. The present price is 2 cents a pound. The present price of the manufacturer in this country ranges from \$2 to \$2.25 at the works.

I believe that these figures show that the industry in this country does not require additional protection.

Senator SMOOT. Do you want to speak on chloride of lime? That is the subject Mr. Suter, whose place you have taken, was to speak on.

Mr. TRUEMPY. I am a partner in the firm of Eugene Suter & Co.

Senator SMOOT. Yes. He was to speak on paragraph 1533. That is on the free list.

Mr. TRUEMPY. Yes. It is at present dutiable at the rate of one-tenth of a cent.

Senator SMOOT. Not paragraph 1533. Mr. Suter was to speak on paragraph 1533, and I wanted to know if you are interested in that. You have not referred to it at all. That paragraph deals with borax, crude and unmanufactured, and borate of lime, borate of soda, and so on.

Mr. TRUEMPY. No, sir; that does not concern me at all.

Senator SMOOT. That is a mistake in the record.

Mr. TRUEMPY. The outstanding feature here is that before the war 75 per cent of the imported material came from England. To-day England is buying some of the commodity from Germany and pays a price of 12 pounds sterling a ton, which figures roughly 3 cents a pound.

The production in Germany is limited. Germany has always had a large export market all over the world. During the years before the war Germany never exported more than 12,000 tons a year for shipment to the United States. At the present time they do not expect to ship more than 5,000 tons over here during the next year.

Senator SMOOT. They never shipped much at any time.

Mr. TRUEMPY. Therefore, there is less competition to be feared in years to come than at any time before the war. In spite of that fact an increase of duty is proposed of one-half a cent. We feel that the commodity should be transferred to the free list, as this would help the continuation of international trade.

BRIEF OF FRED TRUEMPY, REPRESENTING THE EUGENE SUTER & CO., NEW YORK CITY.

Our firm is engaged in the export and import of chemicals. It is our contention that the manufacture of bleaching powder in this country, as an industry, does not require any protection against competition from abroad. The industry is old and well-established and statistics show that it has steadily gained ground over imports while in active competition with the latter.

There was a duty established in 1897 of one-fifth cent per pound for the special purpose of encouraging the manufacture in this country. This duty was confirmed by the act of 1909. In 1913 it was reduced to one-tenth cent per pound. It is now proposed to increase this rate by one-half cent per pound, making a total of six-tenth cent per pound.

The following figures taken from Commerce and Navigation of the United States show the domestic production since 1909 and its relation to imports:

Domestic production, 1919, about 116,000,000 pounds; 1913, about 310,000,000 pounds; in addition to 12,000,000 pounds chlorine gas; 1917, about 200,000,000 pounds, in addition to 36,000,000 pounds chlorine gas; 1918, about 206,000,000 pounds, in addition to 44,000,000 pounds chlorine gas; and 31,000,000 pounds in form of liquid bleach consumed in that form at bleaching plants.

Imports: 1910, 94,000,000 pounds; 1911, 99,000,000 pounds; 1912, 73,000,000 pounds; 1913, 75,000,000 pounds; 1914, 47,000,000 pounds; 1915, 18,000,000 pounds; 1916, 3,000,000 pounds. Of these amounts about 75 per cent was supplied by England, balance chiefly by Germany.

In 1914 and prior to that year the price ranged from $1\frac{1}{4}$ to $1\frac{3}{4}$ cents per pound, both for imported and domestic goods.

In 1921 contracts were made by domestic manufacturers on the basis of $3\frac{1}{2}$ cents per pound at the works.

Early during the same year imported material sold around 3 cents per pound. Later this price declined, and the goods sold at one time below 2 cents. Figures compiled from the import manifests, as regularly reported by the Oil, Paint and Drug Reporter, show in 1921 a total of approximately 8,647,220 pounds to date, most of this material coming from Germany.

For 1922 contract prices quoted by the American manufacturers range from 2 cents to $2\frac{1}{2}$ cents per pound at the works. Imported material is offered at $2\frac{1}{4}$ cents duty paid.

Prices on liquid chlorine gas ranged as follows: 1918, $7\frac{1}{2}$ cents; 1919, 8 cents; 1920, 9 cents; 1921, the present price is quoted at about 6 cents per pound.

Bleaching powder is made from chlorine gas. It is lime treated with gas until it contains 35 to 37 per cent available chlorine. Chlorine gas, in turn, is a by-product in the manufacture of electrolytic caustic soda. Consumers have in late years turned more and more to the use of chlorine, which explains the increased direct consumption of the latter product, with corresponding decrease in demand for bleaching powder.

It is hardly necessary at this juncture to point out that there is not likely to be any competition from abroad in liquid chlorine, on account of the very nature of the commodity and the difficulties which would attend extensive handling and ocean shipment. In liquid chlorine, therefore, the American manufacturers have the home market entirely to themselves.

The above figures show conclusively that the domestic manufacturers were able during the period of five years immediately preceding the war to greatly increase and dispose of their production of bleaching powder, and that at a time when they were in active competition with the imported material.

Furthermore, we can state from reports we have recently gathered abroad that this foreign competition will not be nearly as keen in the future as it has been in the past. British producers who had by far the largest share in prewar importations (averaging 75 per cent) are at present buying the same commodity from Germany, granting a price of £12, which figures slightly above 2 cents per pound. The present market price in England is about 3 cents per pound (Chemical Trade Journal and Chemical Engineer, issue of December 3, 1921, quoting £16 for spot goods, which figures 3 cents at the rate of exchange of \$4.20).

Germany, the second largest supplier of prewar years, has always had and still has large export markets for this commodity in Europe. The production is reported to be limited at the present time, and not more than 6,000 tons are expected to be available for shipment to this country during 1922. Twelve thousand tons would probably be the maximum tonnage that could be shipped here during any one year.

In short, conditions abroad are actually such that American manufacturers have less to fear from foreign competition than at any time before. There is, therefore, no occasion on their part to ask for increased protection. On the contrary, the figures presented show that protection is no longer needed, and we therefore respectfully submit that bleaching powder be transferred from the dutiable to the free list.

The American manufacturers may contend that there is at present a large overproduction of chlorine in this country. We maintain that this is not in accordance with the facts. It is true there exists a largely increased capacity for the manufacture of chlorine, due to the exigencies of the war; but this is a matter for the manufacturers to take care of in the same way that other manufacturers of war materials are doing. Surely this excess capacity should not be taken advantage of and used forever as a fixed idle and nonproductive overhead charge merely for the purpose of creating a monopoly in bleaching powder for the American manufacturers in the home market at the expense of the bleaching-powder consumer in particular and the paying American public at large.

If, on the other hand, a slight measure of foreign competition be permitted we feel that this will have a wholesome effect on the prices in the home market, and since bleaching powder is an important item in the manufacture of paper in this country it would undoubtedly contribute in an important measure toward the lowering of American manufacturing paper costs. We understand that the American paper-

manufacturing industry is at the present time struggling exceedingly hard to meet foreign competition.

We understand that the aim of the new tariff law is to afford reasonable protection to industries which actually need it. We are most heartily in favor of such a policy. At the same time, we should like to see a tariff which is not so high as to prevent all foreign trade in commodities manufactured in this country. The proposed new rate on bleaching powder would, in our judgment, have this effect and we find no justification for the proposal.

CALCIUM CARBIDE.

[Paragraph 15.]

STATEMENT OF C. C. PUSEY, REPRESENTING ALEXANDER MILBURN CO., BALTIMORE, MD.

Mr. PUSEY. My name is C. C. Pusey; address, Baltimore, Md. I appear for the Alexander Milburn Co., of Baltimore, to advocate that carbide shall remain on the duty-free list. Carbide is the substance from which acetylene gas is made.

Senator McCUMBER. You want to put it on the free list?

Mr. PUSEY. It is now on the free list, and I advocate that it remain there.

Our company manufactures apparatus for the use of acetylene gas.

Senator SMOOT. You want it taken out of the dutiable list and put on the free list?

Mr. PUSEY. Yes, sir. I have here a brief I would like to file, and I would like to take about five minutes and discuss some of the points contained therein. The estimated annual consumption of carbide in the United States is 150,000 tons; the estimated supply and the sources of supply are from the Union Carbide Co.'s United States plant, 80,000 tons; from the Union Carbide Co.'s Canadian plant, 45,000; all other United States manufacturers, 10,000. The quantity imported from Canada in addition to imports from Union Carbide Co.'s Canadian plant, a maximum of 15,000, making a total of 150,000 tons.

The productive capacity of the carbide plants in the United States, other than the Union Carbide Co.'s, is undoubtedly greater than 10,000 tons, which tonnage, however, represents approximately what they have been able to sell in competition with the Union Carbide Co.

It shows that, of the total consumption of carbide in the United States, the Union Carbide Co. supplies 83½ per cent, which we believe to be quite accurately estimated; about one-third of this is imported from their Canadian plant.

The effect of a tariff of 1 cent per pound or \$20 per ton on calcium carbide, as proposed in the bill as it stands, will, in our opinion, prevent its importation, bring no revenue, and will be widely felt throughout the United States in the increased cost of the operation of railroads, the lighting of farm and suburban homes, the lighting of mines, and in the operation of metal industries of the United States.

For seven years carbide has been imported duty free; prior to 1913 carbide was dutiable; prior to 1913 there were no imports; since 1913 there have been no imports worth mentioning other than from Canada.

The only Canadian manufacturers of carbide are the Union Carbide Co. of Canada, controlled by United States capital, with plants also in the United States, importing normally about 45,000 tons per year into the United States; the Canadian Carbide Co., also controlled by United States capital, with only one plant in Canada and none in the United States, importing from 10,000 to 15,000 tons per year into the United States, or a quantity equal to 10 per cent of the quantity sold by the Union Carbide Co. in the United States. These two companies have supplied all of the imported carbide.

Every dollar's worth of carbide imported from Canada represents 50 to 60 cents expended in the United States for coal and coke, steel, selling expense, and freight to United States railways, so that the United States derives more than one-half of the full benefit of its manufacture.

There never has been any foreign carbide sold in the United States in commercial quantities other than that from Canada.

In spite of the spasmodically quoted low prices for European carbide during this year, we are informed that no appreciable amount has been sold, and most of the offers have been withdrawn, which fact is significant when it is considered that carbide prices in the United States are high, and, from the standpoint of the European maker, foreign exchange is most advantageous.

As to European competition, the German product is manufactured under German regulations as to gas yield, which recently, on account of the poor quality of coal obtainable in Germany, has been reduced to a gas yield of 3.7 cubic feet per pound on the lump sizes of carbide.

Due also to the low grades of coal obtainable, the German product is very high in impurities, which results in large percentages of phosphoreted hydrogen and sulphur in the gas.

The American product runs better than 4.5 cubic feet of gas per pound of carbide. The lower gas yield of the German product means that it is about 20 per cent inferior in quality.

To obtain the same amount of gas from German carbide, the consumer must purchase a tonnage 20 per cent in excess of the amount of American carbide required, pay freight on this 20 per cent, handle this additional 20 per cent, and then would not secure as high a quality of acetylene gas.

Senator SMOOT. What is the American price of American carbide per pound?

Mr. PUSEY. I have it listed here for the past several years.

For several years prior to the war European carbide manufacturers, including the Germans, were in a syndicate through which the world's markets for carbide were divided. Certain manufacturers, or groups of manufacturers, were allotted certain of the world's territories.

We are told this prewar syndicate had an agreement, or an arrangement, with the Union Carbide Co. under which the latter kept out of foreign markets and the Europeans kept out of the American market.

Under all these conditions there can be no danger of German competition.

In addition, as to Norwegian competition, there is no coal of high quality available in Europe, except the English, to the cost of which

must be added rail and water freights to the Norwegian carbide plant.

In addition, after the carbide has been made in the Norway plant, freight must be paid from plant to seaboard, thence trans-Atlantic to a United States seaboard, there stored, and then shipped inland to the consumer.

The Union Carbide Co.'s plants at Sault Ste. Marie, Mich., and Welland, Ontario, are better located to economically distribute carbide to the United States market as a whole than is any United States seaboard.

Canadian competition has existed for six or seven years and has always been fair. During all of this time carbide has been on the duty-free list, and the importations, other than from the Union's Canadian plant, amount to probably less than 10 per cent of the total United States sales of the Union Co.

Cost of production in Canada at the works might be slightly lower than those of domestic producers, but this slight advantage is more than offset by the freight rates obtaining from the works of the Canada Carbide Co. to the United States markets, which average \$6 per ton higher, outgoing only. The Union Carbide Co.'s Canadian plant at Welland, close to the United States border, does not have these excessive freight rates.

It has been represented to the Ways and Means Committee of the Congress that the price of the carbide is less than it has been for a number of years, when, as a matter of fact, the price has steadily advanced. The following figures will show the prices paid by this company for its purchases of carbide from 1913 to 1920: In 1913 the cost per ton was \$70, which cost continued to 1917, when in April of that year it was \$80, and in September \$95; in 1918 it was \$95. That answers your question, Senator?

Senator SMOOT. Yes.

Mr. PUSEY. \$98 continued to January, 1920, and in September, 1920, was \$112.

The five producers of calcium carbide in the United States are as follows:

Union Carbide Co., Sault Ste. Marie, Mich.; American Carbolite Co., Duluth, Minn.; Gas Tank Recharging Co., Keokuk, Iowa; National Carbide Co., Ivanhoe, Va.; Farmers' Standard Carbide Co., Plattsburg, N. Y.

Senator JONES. I may ask, what is the commercial price now?

Mr. PUSEY. The commercial price now is uncertain. There is not the same demand that there was when the industry was vigorous, and I have been told that the carbide can be purchased for between \$80 and \$90.

Senator SMOOT. It is lower than that, I think, according to the testimony that has been given us. There are seven companies in the United States, too, instead of five, are there not?

Mr. PUSEY. The other two—there was one called the Superior in Philadelphia, but it is not in operation; it has gone out of business; and there was another one—I do not recall the name of that one—which has gone out of business.

The American Carbolite Co., the Gas Tank Recharging Co., the National Carbide Co., and the Farmers' Standard Carbide Co. together market about 10,000 tons of carbide per annum.

The combined production of the above-mentioned United States plants, including the Union Carbide Co.'s, has not been sufficient to take care of the normal requirements for calcium carbide in this country, as is evidenced by the importation of the plants of the Union Carbide Co. and Canadian Carbide Co. in Canada. If a duty is imposed, it would prohibit importation and naturally result in higher prices to the consumer.

Although the Union Carbide and Carbon Corporation, called in the trade the "Carbide Trust," is practically without competition in the United States in the manufacture of carbide, there are a large number of small manufacturers, like ourselves, scattered throughout the country, who are engaged in the manufacture of acetylene and other apparatus, the use and sale of which depends upon carbide.

Senator WATSON. On the 15th of August and again on the 31st of August, when we were considering the schedule, that whole thing was gone into very thoroughly at both times.

Senator SMOOT. We have the figures in the record.

Mr. PUSEY. I want to call attention to the statements made by Mr. E. V. O'Daniel, vice president and general manager of the National Carbide Corporation of Ivanhoe, Va., to the Finance Committee of the Senate on August 31, 1921.

He states that the opposition to the duty of 1 cent per pound on carbide is principally from the Canada Carbide Co. on the grounds that such duty will give the Union Carbide Co. an absolute monopoly in the United States and that the duty is prohibitive.

We have knowledge or reliable information that a number of manufacturers who use carbide or its product, acetylene gas, are opposed to this duty and have communicated their views to members of the House and Senate. To show that this opposition to the duty is widespread, we have given in our brief a partial list of names and addresses of 70 manufacturers who are opposed to a duty on carbide and want it to remain on the duty-free list, as opposed to the five domestic manufacturers of carbide, including the Union, which, as heretofore shown, predominates the other four.

I am much obliged to you.

Senator JONES. This 1 cent per pound appears to be a modest duty, but at \$80 a ton that would be equivalent to 25 per cent, would it not?

Mr. PUSEY. One-fourth, yes, sir; added.

BRIEF OF C. C. PUSEY, REPRESENTING ALEXANDER MILBURN CO., BALTIMORE, MD.

Calcium carbide is a chemical compound of calcium (lime) and carbon (coal). It is made from a mixture of lime and coal or coke introduced into an electric furnace, and there, by intense electric heat, melted. In the molten state it is poured into molds, allowed to cool until solid, then broken or crushed, screened, and packed in metallic drums, ready for shipment to the consumer. When brought into contact with water it makes acetylene gas.

This may be done on a large scale by means of a large generator, for street and factory illumination and for welding, or on a small scale such as in a bicycle lamp or miner's lamp.

ACETYLENE GAS ESSENTIAL TO NUMEROUS INDUSTRIES.

More than 500,000 miners use acetylene light in nongaseous mines.

More than 340,000 farmers' and suburban homes are lighted with acetylene gas.

Every railroad repair shop uses acetylene gas in the oxy-acetylene process for cutting and welding metal, involving a total annual cost of many millions of dollars.

Thousands of automobiles and trucks use acetylene lights.

Buoys, lightships, lighthouses, and harbor lights, aids to navigation, use acetylene gas lights.

Millions of small portable lamps and lanterns use acetylene gas.

Machine shops, foundries, metal-working establishments, garages, jewelry manufacturers, and many other industries use acetylene gas in the oxy-acetylene process for cutting and welding metals.

ESTIMATED ANNUAL COST, CONSUMPTION, AND PRODUCTION OF CARBIDE FOR THE UNITED STATES.

Approximately \$12,000,000 to \$15,000,000 is the wholesale cost for 150,000 tons of calcium carbide sold in the United States in normal years. The acetylene gas produced from this carbide was sold for a very much greater sum.

	Tons.
Estimated consumption in the United States	150,000
Estimated supply and sources:	
Union Carbide Co., United States plant.....	80,000
Union Carbide Co., Canadian plant	45,000
All other United States manufacturers.....	10,000
Quantity imported from Canada in addition to imports from Union Carbide Co.'s Canadian plant, a maximum of.....	15,000
	150,000

The productive capacity of the carbide plants in the United States other than the Union Carbide Co.'s is undoubtedly greater than 10,000 tons, which tonnage, however, represents approximately what they have been able to sell in competition with the Union Carbide Co.

Also, the importation of carbide from Canada other than from the Union Carbide Co.'s Canadian plant will average probably less than 10,000 tons for the past seven years, 15,000 being the maximum.

This shows that of the total consumption of carbide in the United States the Union Carbide Co. supplies 83½ per cent, which we believe to be quite accurately estimated. About one-third of this is imported from their Canadian plant.

The effect of a tariff of 1 cent per pound or \$20 per ton on calcium of carbide, in our opinion, will prevent its importation, will bring in no revenue, and will be widely felt throughout the United States in the increased cost of operating railroads, lighting farm and suburban homes, lighting of mines, and in the operation of metal-working industries.

It will also give a complete monopoly to the Union Carbide & Carbon Corporation and its subsidiaries, and thereby a power over a great portion of the industries of the United States.

For seven years carbide has been duty free. Prior to 1913 carbide was dutiable. Prior to 1913 there were no imports. Since 1913 there have been no imports other than from Canada.

The only Canadian manufacturers of carbide are the Union Carbide Co. of Canada, controlled by United States capital, with plants also in the United States, importing normally about 45,000 tons per year into the United States. The Canada Carbide Co., also controlled by United States capital, with only one plant in Canada and none in the United States, importing from 10,000 to 15,000 tons per year into the United States, or a quantity equal to 10 per cent or less of the quantity sold by the Union Carbide Co. in the United States. These two companies have supplied all of the imported carbide.

The manufacture of carbide involves the following items of cost in the order named: Package, 22.20 per cent; lime, 18.91 per cent; labor, 14.41 per cent; coke, 13.03 per cent; power, 10.80 per cent; electrodes, 8.10 per cent; repairs and maintenance, 7.56 per cent; miscellaneous cost, 4.99 per cent.

All of the coal or coke and all of the sheet steel used by both of the Canadian carbide plants comes from the United States.

The great bulk (about 70 per cent) of the carbide made in Canada is sold in the United States and Cuba, the latter country taking 5,000 tons or more per year.

Every dollar's worth of carbide imported from Canada represents 50 cents to 60 cents expended in the United States—for coal and coke 15 cents, steel 20 cents, selling expense 10 cents, and freight to United States railways 5 to 10 cents—so that the United States derives more than one-half of the full benefit of its manufacture.

In making carbide, electric energy in large quantity is required and comparatively small amount of labor.

One man to each 57 electric horsepower is about the ratio claimed for the Union Carbide Co.'s plant at Sault Ste. Marie, as compared to one man to each 15 electric horsepower, which is about the ratio claimed for the modern plant of the Steel Corporation at Gary, Ind. Therefore, the Union Carbide Co.'s statement in their brief filed with the Ways and Means Committee of Congress saying: "Unless a protective tariff is placed on calcium carbide this company's (Union Carbide Co.) only measure of protection will be the manufacture of calcium carbide in Canada and to operate the plant in Norway. This will give employment to several thousand men in Canada and Norway that would otherwise be employed in this country," is not borne out by the facts.

Elsewhere, their representative has made the statement that 700 men are employed at their United States plant at Sault Ste. Marie, Mich. If this plant is closed, 700 may be out of employment, but their "several thousand," officers, office and branch office managers and employees, salesmen, warehousemen, etc., will continually be required to take care of their trade and distribute their product in the United States no matter whether it is made in their United States or foreign plants. However, this contingency need not be given serious consideration; it is too unlikely. There never has been any foreign carbide sold in the United States in commercial quantities other than that from Canada.

Further, the substance of the Union Carbide Co.'s brief above alluded to would lead one to believe that it could not possibly reduce the price of carbide from its now highest recorded price in the United States even if it were necessary to meet foreign competition. However, we are informed, reliably we believe, that its representatives are now telling buyers of other domestic brands of carbide that the price is to be soon reduced. The cause of this reduction can not be the fear of European competition, as the United States trade apparently will not buy European carbide. It is because the trade demands price reductions in conformity with the continually lowering cost of labor and supplies entering into the making of carbide. In spite of the spasmodically quoted low prices for European carbide during this year, we are informed that no appreciable amount has been sold and most of the offers have been withdrawn, which fact is significant when it is considered that carbide prices in the United States are at the highest point and, from the standpoint of the European maker, foreign exchange is most advantageous.

The withdrawal of European quotations may reasonably be attributed to two causes: First, the small quantities sold did not justify the effort; second, the foreign makers of carbide may fear the antagonism of the Union Carbide Co. for interference in the United States markets and the retaliation that might come from the Union's Norway plant, which is of such great capacity as to make it quite possible for the Union Carbide Co. to dominate the European market in much the same manner as it now dominates this market. In fact, without the understanding with the European carbide syndicate hereinafter alluded to, the possession of the great plant in Norway places the Union Carbide Co. in a position to absolutely dictate to European makers as to their keeping out of United States markets.

AS TO EUROPEAN COMPETITION.

The German product is manufactured under German regulations as to gas yield, which recently, on account of the poor quality of coal obtainable in Germany, has been reduced to a gas yield of 3.7 cubic feet per pound on the lump sizes of carbide.

Due also to the low grades of coal obtainable, the German product is very high in impurities, which results in large percentages of phosphureted hydrogen and sulphur in the gas. The American product runs better than 4.5 cubic feet of gas per pound of carbide. The lower gas yield of the German product means that it is about 20 per cent inferior in quality. Domestic and Canadian carbide sells in the United States for about \$100 per ton, to compete with which on an equal gas yield basis the German product must sell at \$30 delivered to the consumer. A margin of \$20 per ton would not cover the additional freight and storage charges.

Also, to obtain the same amount of gas from German carbide, the consumer must purchase a tonnage 20 per cent in excess of the amount of American carbide required, pay freight on this 20 per cent, handle this additional 20 per cent, and then would not secure as high a quality of acetylene gas.

In our opinion the people interested in the acetylene welding and lighting trades, and we are one of them, would prefer to buy the American article at a cost of 10 per cent more than for a German product on the basis of equal gas yield. The purity of the gas is a very important factor to the oxy-acetylene welder.

German manufacturers, in order to secure a market for their carbide in the United States, would, of necessity, be compelled to establish numerous warehouses and agen-

cies to carry large stocks at such points. This would involve a very large expense and would, alone, make such an undertaking very problematical as to its success. There are no consumers of carbide in the United States who would contract for extremely large tonnages. The bulk of the business is made up of thousands of small consumers, who purchase in very nominal quantities, and who would be very careful when placing orders to assure themselves as to quality, sizes, and the steadiness of the supply for the future. The Union Carbide Co. is in close personal touch with, through its 175 agencies, and supplies more than 340,000 farmers in the United States with carbide for house lighting, which is but one branch of its business.

The German and other European manufacturers ship carbide in soldered-top drums, whereas in the United States the screw-type drum is standard, and the soldered type would not be accepted. Also, carbide for shipment overseas must be crated in accordance with underwriters' specifications. Carbide drums must be completely covered by a wood casing or overcask—another item of expense, both for cost of overcask and the freight on the additional weight which it adds to each package.

WORLD'S TRADE DIVIDED BY SYNDICATE.

For several years prior to the war European carbide manufacturers, including the Germans, were in a syndicate through which the world's markets for carbide were divided. Certain manufacturers or groups of manufacturers were allotted certain of the world's territories. We are told this prewar syndicate had an agreement or an arrangement with the Union Carbide Co., under which the latter kept out of European markets and the Europeans kept out of the American market.

The syndicate arrangement was broken up because of the war, but we are reliably informed that a new syndicate is being formed. Reports indicate that the German carbide manufacturers are desirous to reenter a syndicate such as existed before the war. One of the conditions of the German membership in such a syndicate would be their agreement to withdraw any offers made and to make no further offers of carbide for shipment to the United States market. The advantage to the Union Carbide Co. of the old syndicate was so great that there can be little doubt that it will take full advantage of the opportunity offered to reestablish the former status quo. No German carbide has been imported since 1913, during which time it has been duty free. Under all these conditions there can be no danger of German competition.

In its brief filed with the Ways and Means Committee of Congress, the Union Carbide Co. infers that unless a duty is imposed it will be forced to move its carbide business from the United States to Norway on account of power and labor costs. We doubt if the saving represented by power and labor will offset the increased cost of coal and freight. There is no coal of high quality available in Europe, except the English, to the cost for which must be added rail and water freights to the Norwegian carbide plant. This means greater cost for coal than those obtainable in the United States, where the freight from the mines to the carbide works is no more than the freight from the mines to seaboard alone.

In addition, after the carbide has been made in the Norway plant, freight must be paid from plant to seaboard, thence transatlantic to a United States seaport, there stored, and thence shipped inland to the consumer. In a majority of cases the freight from the United States seaport to the consumer is more than the freight from the Union Carbide Co.'s United States or Canadian plants to the consumer, to say nothing of the added handicap of all the storage and freight charges accumulated between the Norway plant and the United States seaboard. The Union Carbide Co.'s plants at Sault Ste. Marie, Mich., and Welland, Ontario, are better located to economically distribute carbide in the United States market as a whole than is any United States seaport.

Also, commodity freight rates on carbide apply from their plants, whereas from New York, Baltimore, Philadelphia, or any other seaport class rates, which are higher, apply. Although carbide has been on the duty-free list since 1913, to the best of our information there has never been any importation of Norwegian carbide. This is practically a true statement also with regard to all other European countries. All of which, it appears, very effectually disposes of any chance for Norwegian carbide to enter this market.

CANADIAN COMPETITION.

In the same brief of the Union Carbide Co. they infer that Canadian competition is likely to prove dangerous. This competition has existed for six or seven years, and has always been fair. During all of this time carbide has been on the "duty free" list and the importations, other than from their own Canadian plant amounts to probably less than 10 per cent of the total United States sales of the Union Co.

Cost of production in Canada at the works might be slightly lower than those of domestic producers, but this slight advantage is more than offset by the freight rates obtaining from the works of the Canada Carbide Co. to the United States markets, which average \$6 per ton higher (outgoing only). The Union Carbide Co.'s Canadian plant at Welland, close to the United States border, does not have these excessive freight rates.

As to the Union Carbide Co.'s plant at Sault Ste. Marie, it probably produces at a lower cost than the Canada Carbide Co., while at its plant in Canada the cost is probably \$5 a ton lower than the Canada Carbide Co.'s.

In the same brief they call attention to the fact that the Canada Carbide Co. is owned by the Shawinigan Water & Power Co., hence secures very cheap power. They do not mention the fact that the magnificent hydroelectric plant supplying their power at Sault Ste. Marie is owned by themselves. In other words, their position at Sault Ste. Marie as to power is just as good as that of the Canada Carbide Co.

COMPARATIVE COST OF CARBIDE FOR THE PAST EIGHT YEARS.

It has been represented to the Ways and Means Committee of Congress that the price of carbide is less to-day than it has been for a number of years, when, as a matter of fact, the price has steadily advanced. The figures below will show the prices paid by this company for its purchases of carbide from 1913 to 1920:

Year.	Month.	Cost per 100 pounds.	Cost per ton.
1913.....	January.....	\$3. 50	\$70. 00
1914.....	do.....	3. 50	70. 00
1915.....	do.....	3. 50	70. 00
1916.....	do.....	3. 50	70. 00
1917.....	do.....	3. 50	70. 00
	April.....	4. 00	80. 00
	September.....	4. 75	95. 00
1918.....	January.....	4. 75	95. 00
	September.....	4. 90	98. 00
1919.....	January.....	4. 90	98. 00
1920.....	do.....	4. 90	98. 00
	September.....	5. 60	112. 00

These figures speak for themselves. In the face of "duty free," carbide prices have advanced. What will be the price if a duty is imposed and the Union Carbide Co. controls the entire United States market?

The five producers of calcium carbide in the United States are as follows: Union Carbide Co., Sault Ste. Marie, Mich.; American Carbolite Co., Duluth, Minn.; Gas Tank Recharging Co., Keokuk, Iowa; National Carbide Co., Ivanhoe, Va.; Farmers' Standard Carbide Co., Plattsburgh, N. Y.

In addition to these, the Superior Carbide Co., Philadelphia, and the Sherman Carbide Co., Vermont, are still listed in some trade directories, but both have passed out of actual existence.

The Union Carbide Co.'s plant at the Sault is the largest in the United States, having a production in the neighborhood of 80,000 to 100,000 tons per year. This plant is very well located with respect to supplies of lime and coke, and is not far from the market for steel sheets, which, combined with the fact that it controls its hydroelectric power, gives it a great advantage and its costs are probably much lower than those of any other carbide plant.

The American Carbolite Co., the Gas Tank Recharging Co., the National Carbide Co., and the Farmers' Standard Carbide Co. together market about 10,000 tons of carbide per annum.

The combined production of the above-mentioned United States plants, including the Union Carbide Co.'s, has not been sufficient to take care of the normal requirements for calcium of carbide in this country as is evidenced by the importation from the plants of the Union Carbide Co. and Canadian Carbide Co., in Canada. If a duty is imposed it would prohibit importation and naturally result in higher prices to the consumer.

A COMBINATION IN RESTRAINT OF TRADE.

Although the Union Carbide & Carbon Corporation, called in the trade the "Carbide Trust," is practically without competition in the United States in the manufacture of carbide, there are a large number of small manufacturers like ourselves scattered

throughout the country who are engaged in the manufacture of acetylene and other apparatus, the use and sale of which depends upon carbide.

These apparatus manufacturers are engaged in an unequal contest for existence with the apparatus manufacturing subsidiaries of the carbide trust, aided as these subsidiaries are by the power wielded by the trust.

The independent apparatus manufacturers view with grave alarm the effort that is now being made by the trust to induce Congress to further increase its power and wealth by granting it an absolute monopoly through the imposition of a duty on calcium carbide. They regard this last move as one which, if successful, will imperil their existence.

For a number of years a ruthless warfare has been waged on the part of the carbide trust for the extermination of all domestic competition. We, as one of the independent apparatus manufacturers, have been forced by the methods employed by the trust to invoke the protection of the antitrust laws in a suit now pending before the United States Court for the District of Maryland.

The evidence that is being collected by us for use in this suit would suggest to you additional reasons why this aggregation, whose heart is carbide, should not be strengthened by a duty on carbide, and thereby be placed in a better position to carry on its ruthless warfare for the extermination of the independent apparatus manufacturers.

E. V. O'DANIEL'S STATEMENTS.

Our attention has been called to the statements made by Mr. E. V. O'Daniel, vice president and general manager of the National Carbide Corporation of Ivanhoe, Va., to the Finance Committee of the Senate on August 31, 1921.

He states that the opposition to the duty of 1 cent per pound on carbide is principally from the Canada Carbide Co. on the grounds that such duty will give the Union Carbide Co. an absolute monopoly in the United States and that the duty is prohibitive. He overlooks the fact that a large number of users of carbide and of acetylene gas in the United States have protested to their Representatives in Congress against the imposition of this duty and have advocated "duty free carbide." We, as manufacturers of acetylene apparatus, have strenuously opposed the imposition of this duty, as any Member of the House of Representatives and of the United States Senate can testify, for we have addressed them all. We have knowledge or reliable information that a number of manufacturers who use carbide or its product, acetylene gas, are opposed to this duty and have communicated their views to Members of the House and Senate. To show that this opposition to the duty is widespread and that Mr. O'Daniel is not correct in his statement that the opposition comes principally from the Canada Carbide Co., the following is a partial list giving the names and addresses of seventy manufacturers who are opposed to a duty on carbide and want it to remain on the duty free list as opposed to five domestic manufacturers of carbide, including the Union, which, as heretofore shown, predominates the other four: American Propeller Manufacturing Co., Baltimore, Md.; American Steel & Tube Co., Toledo, Ohio; Atlas Welding & Supply Co., Pittsburgh, Pa.; Anchor Metal Works, Allentown, Pa.; American Welding & Manufacturing Co., Warren, Ohio; Bain-Beaird Welding & Machine Co., Shreveport, La.; Bright Sunshine Lighting Co., Grand Rapids, Mich.; Boston Electrolytic Oxygen Co., Everett, Mass.; Crucible Steel Casting Co., Lansdown, Pa.; J. H. Day Co., Cincinnati, Ohio; Davison Chemical Co., Baltimore, Md.; Edw. G. Budd Manufacturing Co., Philadelphia, Pa.; The Electrolabs Co., Pittsburgh, Pa.; Compressed Gas Corporation, Denver, Colo.; Michigan Steel Tube Products Co., Detroit, Mich.; Gas Products Association, Chicago, Ill.; Gould Coupler Co., New York, N.Y.; Grinnell Co. (Inc.), Providence, R. I.; International Oxygen Co., Newark, N. J.; Indiana Oxygen Co., Indianapolis, Ind.; Nickle Fabricating Co., Pittsburgh, Pa.; Lisk Manufacturing Co., Canandaigua, N. Y.; Lima Locomotive Works, Lima, Ohio; Power Piping Co., Pittsburgh, Pa.; Thomas B. Morris Co., Cincinnati, Ohio; Macleod Co., Cincinnati, Ohio; Magnolia Gas Products Co., Houston, Tex.; Ohio Corrugating Co., Warren, Ohio; Paschall Oxygen Co., Philadelphia, Pa.; Portland Oxygen & Hydrogen Co., Portland, Ore.; Southern Oxygen Co., South Washington, Va.; Standard Steel Tube Co., Toledo, Ohio; United Engineering & Foundry Co., Pittsburgh, Pa.; Taylor-Wharton Iron & Steel Co., High Bridge, N. J.; U. S. Welding Co. (Inc.), Minneapolis, Minn.; Wheeling Machine Products Co., Wheeling, W. Va.; Worcester Pressed Steel Co., Worcester, Mass.; California Compressed Gas Co., Los Angeles, Calif.; Colorado Compressed Gas Co., Denver, Colo.; Standard Gas Products Co., Atlanta, Ga.; Acme Oxygen Co., Chicago, Ill.; Burdett Oxygen & Hydrogen Co., Chicago, Ill.; Electrox Co., Peoria, Ill.; National Oxygen Co., Chicago, Ill.; Swift & Co., Chicago, Ill.; Logansport Oxygen Co., Logansport, Ind.; Bettendorf Oxygen Hydrogen Co., Bettendorf, Iowa; Kentucky Oxygen & Hydrogen Co., Louisville,

Ky.; Burdett Oxygen Co. of Detroit, Detroit, Mich.; Ox-Hydric Co., Muskegon, Mich.; National Oxygen & Machinery Co., Detroit, Mich.; Commercial Gas Co., Minneapolis, Minn.; Oxygen Gas Co., Kansas City, Mo.; St. Louis Oxygen Co., St. Louis, Mo.; Mountaineer Welders' Supply Co., Butte, Mont.; The Ballback Co., Omaha, Nebr.; Clark Chemical Co., Wickliffe, Ohio; Gas Products Co., Columbus, Ohio; Ohio Electrolytic Oxygen Co., Cincinnati, Ohio; Burdette Oxygen Co. of Oklahoma, Oklahoma City, Okla.; Burdette Oxygen Co., Philadelphia, Pa.; Burdette Oxygen & Hydrogen Co., Pittsburgh, Pa.; National Oxygen Co., Erie, Pa.; Burdette Oxygen Co., Chattanooga, Tenn.; Burdette Oxygen Co. of Texas, Fort Worth, Tex.; Utah Compressed Gas Co., Salt Lake City, Utah; Whitmore Oxygen Co., Salt Lake City, Utah; Washington Compressed Gas Co., Seattle, Wash.; Universal Oxygen Co., Sheboygan, Wis.; Wisconsin Oxygen & Hydrogen Co., Kenosha, Wis.

Mr. O'Daniel also stated that the normal requirements of carbide in the United States are about 125,000 tons—if anything, less. If, for the sake of argument, the correctness of his statement is admitted, then there is all the more reason for opposing this duty when it is remembered that the Union Carbide Co.'s two plants (one in the United States and one in Canada) have, it is estimated, produced 125,000 tons in one year and therefore have a capacity to supply all of the carbide consumed in the United States, which, because of its great facilities and immense capital, can produce and sell at lower prices than any of the other United States plants.

He also stated that the opponents of the duty had represented to the Finance Committee that the capacity of the plants outside of the Union Carbide Co.'s did not exceed 10,000 tons per year. We have carefully examined all the evidence that we know of that has been submitted to either the Ways and Means Committee of the House of Representatives or the Finance Committee of the Senate, and fail to find any such representation. It was stated that the estimated production of all other United States manufacturers than the Union Carbide Co. was 10,000 tons per year. We believe this to be quite an accurate statement. It is probably true that the four plants in the United States other than the Union Carbide Co.'s plant, if operated to the limit, would have a capacity of 30,000 tons per year, as Mr. O'Daniel thinks, but we are convinced that he will not make the statement that these plants, or his plant, have ever operated to full capacity. Does it not follow that the plants other than the Union Carbide Co.'s would operate to their capacity if the situation was not so absolutely controlled by the Union Carbide Co.? It appears to us that the Union Carbide Co.'s control of the United States' market is such that no independent manufacturer of carbide can compete with it beyond the territory included in a limited radius about its plant where it would enjoy a big advantage because of lower freight rates on its deliveries.

We applied to the Department of Commerce, Bureau of the Census, for statistics concerning calcium carbide and were advised by the director of the bureau that—

"Calcium carbide was manufactured by only a few establishments, and the operations of one of these so largely predominated that publication of the figures would amount practically to a disclosure of its operations."

Mr. O'Daniel also stated that the capacity of the German carbide plants prior to the war in 1909 was 9,000 metric tons and at the present time Germany has a capacity of not less than 450,000 tons, probably more.

Information that we believe to be correct indicates that the German capacity for production of carbide prior to the war was in the neighborhood of 250,000 tons and this capacity was increased to about 400,000 tons during the war, but this increase was through steam-generated power plants, which are out of the running because they are admittedly uneconomical.

We are informed that prior to the war Germany imported approximately 40,000 tons annually from Norway, Sweden, and Switzerland for use in welding, cutting, and lighting, which was due to the fact that German carbide was of such inferior quality and its use was chiefly in fertilizers, etc.

He also stated that prior to the war there was very little surplus capacity (for the manufacture of carbide) in Europe. Our information is that Norway, Sweden, and Switzerland have for a number of years been large exporters to all countries of the world using carbide, with the exception of the United States.

He states that German carbide is now being offered in New York at the rate of \$78 per ton in lots of 2,000 pounds. We have been offered this carbide, and we presume that others have been. At \$78 per ton the price is not attractive. We can not afford to cut loose from an established source of supply for the sake of picking up a job lot of foreign carbide. The offers of foreign carbide have been made for a number of months, and we can not find where any sales worth mentioning have been made.

To sum up, it appears that European carbide can not be sold to any extent in the United States. The only foreign competition possible under duty-free carbide is

from Canada. The carbide industry in Canada is controlled by United States capital. The physical situation is such that the United States derives from the sale of necessary raw material a greater benefit from the manufacture of carbide in Canada than do the Canadians, and while Canada is the one source for healthy competition that can possibly compete with the Union Carbide Co.'s virtual monopoly in the United States, it can never expect to be a predominating factor, because Canadian plants are at a much greater distance from the great bulk of consumers of carbide in the United States than are the plants of the United States manufacturers.

Our appeal is for protection from that which is now virtually a monopoly, but which will be made an absolute monopoly if a duty of \$20 per ton is imposed on carbide.

We earnestly recommend that carbide shall be retained on the duty-free list.

BRIEF OF DON B. McCLOUD, REPRESENTING THE GAS PRODUCTS ASSOCIATION, CHICAGO, ILL.

Mr. Don B. McCloud, on August 15, 1921, appeared before the Finance Committee of the Senate and made a general statement of our opposition to the proposed tariff on carbide, concluding his remarks by saying that a brief for the Gas Products Association would be filed later.

Our interest in the proposed tariff on carbide is due to the fact that the product of carbide is acetylene gas. Acetylene gas is used with oxygen for welding and cutting of metals. The extent of this industry and its spread over the country will be best understood when it is realized that acetylene and oxygen are used in almost every small garage and machine shop in the villages and in increasing amounts in metal-working plants of every kind all the way up to the largest railroad shops, steel mills, and shipyards.

As independent producers of oxygen (at least 99 per cent of which is used with acetylene in the metal trades) we are interested in seeing to it that our oxygen customers are not made the victims of high-handed practices in the matter of price and service by a carbide and acetylene monopoly. It is our firm conviction that a tariff on calcium carbide will accomplish one thing and one thing only, and that is, it will give the Union Carbide Co. an absolute monopoly of the carbide business and, through one of its subsidiaries, of the acetylene business. Already 80 per cent of the carbide used in the United States is produced and sold by the Union Carbide Co. and subsidiaries.

As proof of the monopolistic condition which now prevails, we offer the following quotation from a letter of the Bureau of the Census, Department of Commerce, under date of June 11, 1921, directed to this association and signed by W. M. Steuart, director:

"I am in receipt of your letter of June 7 suggesting that it would be advisable for the Department of Commerce to furnish data regarding the production of calcium carbide.

"Your attention is invited to the inclosed marked copy of the act of Congress which authorizes and directs the collection and publication of statistics of manufactures. Section 25, on page 18, provides that 'no publication shall be made by the Census Office whereby the data furnished by any particular establishment can be identified,' and section 33, on page 20, further provides 'that in no case shall information furnished under the authority of this act be used to the detriment of the person or persons to whom such information relates.'

"At the census of manufactures for 1914 the carbide industry was so largely dominated by a single establishment that it was not possible to publish segregated statistics (see page 19 of the inclosed bulletin on chemicals). At the time of writing my letter of June 2 the tabulation of the chemical statistics for 1919 was in progress, and I was under the impression that carbide was manufactured by a sufficient number of establishments to permit the publication of segregated data. The tabulation now discloses the fact, however, that it will be necessary to follow the same method of publication in 1919 as was followed in 1914, and include statistics of the production of calcium carbide with those for some other chemical products.

"I heartily agree with you concerning the desirability of publishing segregated statistics for this industry, but the Census Bureau is unable to do so under the circumstances."

We contend that the Government records show that a monopoly still exists in the matter of production of carbide in the United States, in spite of the fact that since 1914 several so-called independent manufacturers of carbide have sprung up in the country.

A great mass of information seems to be before the committee with respect to such matters as costs of production, possibility of foreign competition, and the question of the amount of revenue likely to be derived from a tariff on carbide. We subscribe to the propositions already advanced on the record that there is no probability that any revenue will be derived by the Government from a tariff on carbide for the reason that none will be imported, and the last proposition is amply justified by the fact that none has been imported during the time that the Underwood bill has been in effect.

The briefs of those who favor the tariff on carbide do not seem to have received much attention by those opposing the proposed tariff, and we desire to direct particular attention and focus the interest of the committee on those briefs. They are full of glittering generalities but peculiarly lacking in the presentation of facts and figures. Large sounding words have been used for the purpose of creating an atmosphere and to impress the reader, as the Ways and Means Committee of the House was undoubtedly impressed, by meaningless phrases. The briefs abound in the use of such words as "thousands of tons," "many thousands," "large numbers," "millions," "large importations," "very large proportion," "large quantity," "hundreds of men," etc. These are all relative terms and as used in those briefs are meaningless generalities undoubtedly resorted to for the purpose of obscuring the real facts.

It should be remembered that those briefs were filed by the concerns now actually engaged in the production and distribution of carbide in the United States, and the absolute facts are or should be within their knowledge. If their testimony is to have any value or carry any weight it must rest on facts. We have found it extremely difficult to secure accurate and concrete information, as is evidenced by the above-quoted letter from the Bureau of the Census. But we are not "on the inside," and it is our belief that they have presented their case in general terms in order to confuse and mislead.

Referring specifically to the brief of the National Carbide Co., of Bluefield, W. Va., the statement is made that carbide was placed on the free list in 1913 by the Underwood tariff bill, thereby subjecting the American manufacturers to the severest kind of competition from abroad and also from Canada.

We submit the record shows that this is an absolutely false statement so far as competition from abroad is concerned. As to whether the competition from Canada was the severest kind of competition, the record is also clear. The imputation is that National Carbide was subjected to severe competition, but the fact is that that concern had not even come into existence. There were only two makers of carbide in the United States when carbide was placed upon the free list—Union Carbide Co. and American Carbolite Co.—both successful manufacturers of carbide for many years.

It must also be observed that the usual retail selling price of carbide has increased from \$70 per ton to \$120 per ton in this country during the time carbide has been on the free list.

In this same brief the statement is made that several million dollars' worth of carbide is imported annually from Canada. This is a ridiculous statement, since it is a matter of record before the Finance Committee of the Senate that the total production of the only Canadian carbide company in 1920 was less than 34,000 tons, of which 13,000 tons, with a sales value of approximately \$1,200,000, was sent to the United States.

A third point attempted to be made in the brief of the National Carbide Corporation is brought out in the discussion of labor rates, which, however, produces nothing convincing regarding the importation of German carbide. The facts disclosed by the opponents of the proposed tariff show conclusively why American producers of carbide need not fear German competition and are summarized as follows: First, inferior quality; second, incorrect sizing; third, wrongly packed; fourth, produces impure gas; fifth, lack of distribution facilities; sixth, lack of importations during 1919, 1920, and 1921.

The brief of the Gas Tank Recharging Co. before the Ways and Means Committee would have the committee understand that there is very keen competition in the carbide business in this country because carbide is manufactured in at least 10 foreign countries. The absurdity of the statement is obvious. Competition may be keen in the United States, but not as between American and foreign manufacturers of carbide, there having been no imports from foreign countries except Canada. We deny the claim of the Gas Tank Recharging Co. that the proposed duty of 1 cent per pound on carbide is protective and not prohibitive, and we allege that it is prohibitive and that it was intended to be prohibitive in order to strengthen the monopoly which already exists and cognizance of which is taken by the Department of Commerce through the Bureau of the Census.

The Gas Tank Recharging Co. makes the statement that millions of dollars were expended and permanent employment given to a large number of foreigners when

one of the larger manufacturers (meaning the Union Carbide Co.) commenced the erection of plants in Canada and Norway. It is noted that the brief of the Union Carbide Co. itself (which built and owns the Norway plant referred to) admits that said plant has not been operated, consequently permanent employment has not been given to any large number of foreigners. It is our belief that the Norway plant of the Union Carbide Co. was never intended to be operated as a plant to produce calcium carbide.

The brief of the Union Carbide Co. states that it employs in the carbide industry several thousand men at its plants at Niagara Falls and Sault Ste. Marie. Undoubtedly the Union Carbide Co. knows how many men it does employ, and having a knowledge of its own pay rolls, why does it not state the exact number instead of saying "several thousand men," if not to confuse and mislead? We make the absolute assertion that there are not more than 1,000 employed in the production of carbide in the United States. If this statement is challenged, we suggest that the challenger be required to furnish the statistics with respect thereto. We further submit that for every man employed in the production of carbide in the United States there are at least 10,000 men using carbide or its product, acetylene gas, therefore, the talk of the harm that will come to thousands of American laborers engaged in the production of calcium carbide is the merest twaddle. A tariff on carbide will not only strengthen an already existing monopoly employing a very few hundred persons at most but it will place a tremendous burden and work an economic hardship upon thousands of carbide and acetylene consumers in the country.

The same argument applies to the further statement of the Union Carbide Co. that if a protective tariff is placed on carbide they will give employment to "several thousand men" in this country.

The Union Carbide Co. also states that it should not be overlooked that the Canada Carbide Co. is owned by the company which generates its power, but they do fail to advise the committee that precisely the same situation exists with respect to the Union Carbide Co. and the Michigan Northern Power Co.

The next to the last paragraph of the brief of the Union Carbide Co. indicates very strongly the real purpose behind the construction of the so-called carbide plant in Norway. It is stated that that plant is particularly well adapted to the electric smelting of pig iron and other products which can be disposed of in other parts of the world.

In conclusion, we submit that the proponents of a tariff on carbide have utterly failed to substantiate their claims that their business will be ruined if carbide is permitted to remain on the free list. We also submit that there have been produced before the committee a large number of valid reasons why carbide should remain on the free list.

DIYWOOD EXTRACTS.

[Paragraph 36.]

BRIEF OF J. S. YOUNG & CO., HANOVER, PA., REPRESENTING MANUFACTURERS OF NATURAL-DYE EXTRACTS.

BILL AS DRAWN DISCRIMINATES AGAINST INDUSTRY.

Natural-dye extracts form part of the chemical schedule of the tariff bill. The basic ad valorem tax in this schedule is 25 per cent. That amount is placed upon practically all articles. It is, therefore, recognized that, in general, articles in this schedule need a protective duty of 25 per cent. A few articles have a higher duty, notably coal-tar dyes. As the bill passed the House, these dyes were given a duty of 35 per cent ad valorem and a specific tax of 7 cents per pound, which vastly increased the ad valorem tax; in fact, made it about 63 per cent.

The natural-dye industry is just as essential to the country as the coal-tar dye industry. No reason can be found for giving the natural-dye industry only 11 per cent ad valorem protection and giving the other dye industry six times that amount. The natural-dye industry is not asking for protection equal to that given the coal-tar dye industry, but it does ask that it be treated in this schedule as articles generally are treated and given a duty of 25 per cent, this because it should be treated fairly with other articles, and, further, because it needs at least 25 per cent protection. It certainly is unfair to discriminate against this industry, and no valid reason has been adduced justifying such discrimination. Should Schedule A be rewritten

before the bill becomes a law, and some basic rate other than 25 per cent be adopted, dyewood extracts should be given that degree of protection, whatever it is, accorded generally in that schedule.

NATURAL DYES COMPETE WITH SYNTHETIC DYES AND NEED REASONABLE PROTECTION.

Dyewood extracts are in active competition constantly with coal-tar dyes in this country. In certain colors competition is keen and extends to a great variety of articles which can be colored about as well by the one dye as the other. Also this competition covers quite a range of shades, including black, gray, yellow, blue, red, purple, green, and brown. Many articles of common and essential use can be colored by natural dyes as well as by coal-tar dyes. Some can be colored better. This is particularly true of khaki, used in military uniforms, of leather, of a great variety of cloths—silk, cotton, woolen—and of other articles. On this subject the United States Tariff Commission, in Tariff Information Surveys, "Tanning Materials and Natural Dyes," p. 120, says:

"Logwood is the most useful dyestuff for the dyeing of blacks. It is used for blacks on silk, wool, leather, cotton, fur, straw, and in the preparation of inks and color lakes for wall-paper printing. It finds considerable application also as a darkening constituent in grays, tans, browns, and compound shades and has a small use for production of blues. Salts of chromium, copper, and iron serve as mordants in logwood blacks. Previous to the introduction of coal-tar dyes logwood was used in the production of a variety of blues and purples. At present logwood is used almost exclusively in the production of blacks and as a darkening constituent in compound shades.

"On animal fibers the underhand solid blueness and overbloom which logwood blacks retain in artificial light have been made in the standard black. The synthetic dyes have not been able to fully duplicate these qualities. On wool it offers keen competition to the coal-tar colors. On silk it is the most important black. Silks will absorb over 200 per cent of extract, thus serving as a weighting agent. A properly dyed black on silk increases the durability and resistance to wear and tear. On cotton logwood blacks are of poor fastness and are used only for cheap blacks in dyeing and calico printing. The sulphur blacks, 'aniline black,' and certain 'developed blacks' have displaced it for fast shades. * * * Logwood, in common with other natural dyes, was subjected to the most unscrupulous competition by the German dye firms. It apparently was their purpose to annihilate the natural-dye industry."

Therefore, there is business rivalry and keen competition between the manufacturers of natural dyes and the manufacturers of coal-tar dyes. In giving protection to the dye industry in the United States, the same treatment, in principle, should be extended to both branches of that industry. These two branches are, of course, the natural-dye industry, and the coal-tar dye industry. Nothing could be more unfair, in view of this competition, than abundantly to protect one branch and give no protection to the other. That is just what the bill as framed does. The coal-tar dyes receive an ad valorem tax of 35 per cent and a specific duty of 7 cents per pound, elevating the total protection to something like 63 per cent ad valorem. The natural dyes are given but 11 per cent, which is totally inadequate from a protective standpoint.

Having regard solely to protecting the coal-tar dye industry, another view is worth considering. If competition becomes greater in consequence of this inadequate protection to natural dyes, the measure of protection given to the coal-tar dyes will be proportionately decreased; for, just as much as cheap natural dyes are imported into this country, taking the place of coal-tar dyes, by so much will the protection to the coal-tar dyes be reduced. In other words, in the destruction of the natural-dye industry a blow will be struck at the protection planned to be given the coal-tar dye industry.

From another point of view, that of the natural-dye manufacturer, this discrimination is unfair. On account of competition between the two branches of the dye industry, covering a wide field, the protection given to coal-tar dyes will enormously increase the prosperity of that industry, while lack of protection to the natural-dye industry will inevitably weaken, if not destroy, it. It certainly is not the part of wisdom to build up a new industry and at the same time destroy an old one. Natural-dye manufacturers are not complaining because such ample protection is given to coal-tar dye manufacturers, and do not ask even for as high a duty and as great protection as the coal-tar dye industry is receiving, but do ask that the usual measure of protection be given them—that which is recognized as the general degree of protection that should be given articles in this schedule, namely, 25 per cent.

DYEWOOD EXTRACTS SUPERIOR TO COAL-TAR DYES FOR MANY PURPOSES AND ESSENTIAL TO OUR INDUSTRIES.

The dyewood-extract industry should be protected and built up because this dye is better for certain coloring purposes than coal-tar dyes. It has been pointed out that these natural dyes are in competition with coal-tar dyes covering a great variety of items, but dyewood extracts are better for certain purposes than any coal-tar dyes. For dyeing blacks on leather, silk, and wool the coloring matter of dyewood is not equaled by any other known black dye in respect to fastness, brilliance, depth of shade, and weight-giving properties. Synthetic dyes, or coal-tar dyes, can not equal dyewood dyes in these particulars. Therefore, it is to the interest of the American people that this industry should be protected and enabled to flourish. It is one vital to the well-being of the country.

Another important thing: In view of the fact that coal-tar dyes probably will be protected against foreign importations, it will be extremely valuable to the American people if those dyes have active competition from a domestic source. That competition is supplied by these natural dyes, because, as above pointed out, both kinds of dyes can be used in coloring many kinds of commodities.

In the manufacture of dyewood extracts in the United States there is keen competition, as there are nine different concerns engaged in the business, with a maximum capacity considerably in excess of the domestic needs. The United States is favorably situated for this industry. Fairly adjacent to the West Indies, we are near to the supply of raw material. Our factories are located along the Atlantic seaboard—places favorable to the industry. Therefore this natural-dye industry should be helped and enabled to flourish in this country. The United States is much more favorably located strategically for this industry than France or England, two of our principal competitors. Inasmuch as the United States is now determined to build up a domestic dye industry the general program, most commendable as it is, should include these natural dyes.

NATURAL-DYE INDUSTRY IS ESSENTIAL IN NATIONAL EMERGENCY.

In the early days of the dye industry natural dyes alone were used. The industry flourished in the United States. Up to 1890 natural dyes occupied the field. With the coming of coal-tar dyes, chiefly made in Germany, and the ruthless methods employed by the manufacturers thereof to destroy all opposition, the natural-dye industry greatly suffered in this country, as it was inadequately protected. Many dye manufacturers here came to forget the capabilities of natural dyes in the various industries. The Great War changed the situation. German synthetic dyes could not reach this country, and the natural-dye industry again flourished. Many dye users were amazed at the ability of these natural dyes to take the place of synthetic dyes. The natural-dye industry enormously expanded. It is not too much to say its existence was a tremendous asset to the Nation in the crisis. During the war and since the natural-dye industry has occupied a much better position than it had occupied in a long time. The quality of the product has been greatly improved, and while the cost of manufacture, on account of the improved product, has been largely increased, there is real competition between these natural dyes and synthetic dyes. Wise statesmanship will enable the dye industry in the United States to be fairly equal to the Nation's needs. Natural dyes are just as important as synthetic dyes. These natural dyes, in a large sense, saved the industries of the Nation in the recent war crisis, and the industry should be protected, not only that it may serve the American people in peace times, but that it will be here if a crisis again arises. During war, plants in America usually devoted to making aniline dyes could and would be diverted extensively to manufacturing chemicals used for war purposes. While thus diverted, the natural-dye manufacturing plants would take their place in the manufacture of dyestuffs. Then natural dyes could be used entirely for coloring khaki and blue uniforms, and for this purpose they are better than any synthetic dyes. It is not urged that the natural-dye industry be so protected as to have an exclusive field; that course is not even suggested; but it is insisted that this industry should be reasonably protected, because it is an immense asset to business at all times and in a crisis is invaluable.

INDUSTRY REQUIRES AT LEAST 25 PER CENT PROTECTION.

The industrial world knows how dye manufacturers in Germany prior to the recent war ruthlessly endeavored to destroy all dye industry in the United States. This has already been pointed out. Their objective was not only the coal-tar industry but also the natural-dye industry. The German was determined to destroy both, and well nigh

succeeded. The United States Tariff Commission in its Tariff Information Survey says that logwood, in common with the other natural dyes, was subjected to the most unscrupulous competition by the German dye firms, and it apparently was their purpose to annihilate the natural-dye industry. Thus, on page 122, "Tanning materials and natural dyes," the Tariff Commission says:

"* * * During the few years prior to the Great War the industry had not increased, as the coal-tar dyes were gradually displacing logwood. As previously indicated, this was due to unscrupulous competition from the German dye firms and the lower labor cost for dyeing coal-tar dyes and, for certain uses, the greater fastness of the synthetic dyes. During the acute shortage of dyes in 1916 the industry enjoyed the greatest prosperity in its history, as shown in the domestic production table. This widespread use of logwood gave the industry an excellent opportunity to establish the merits of its products, and resulted in considerable development in the manufacture of extracts."

The commendable determination on the part of Congress to give protection to the dye industry in the United States against unscrupulous German or other like competition should comprehend natural dyes as well as coal-tar dyes, and manufacturers thereof should be permitted to continue in reasonable prosperity. It is not asked that this industry be secured the degree of prosperity it enjoyed during the war. We simply ask for its share of reasonable protection. Both branches of the dye industry should receive consideration at the hands of Congress. Both are necessary to the country's welfare and prosperity; both are objects of the same attack; both should be the subjects of solicitude and protection.

Under the Dingley Act of 1897 logwood extracts were given a duty of seven-eighths of 1 cent per pound. This rate was continued by the Payne-Aldrich Act of 1909. Under the Underwood Act of 1913 the duty on these extracts was reduced to three-eighths of 1 cent per pound. This protection was inadequate, as evidenced by the fact that the industry languished and was declining during these years. In 1899 the domestic production consisted of 39.2 million pounds. In 1909 the domestic production amounted to only 22.3 million pounds, showing a decrease of 43.2 per cent in 10 years. In 1914 the domestic production was 29.9 million pounds. This was not a new industry endeavoring to establish itself. It is one of the oldest industries in the United States. It was begun in 1794 and has continued ever since. The concerns engaged in the industry are all old concerns of established reputation for business methods and efficiency. The old industry was capable of great possibilities, but, being subjected to ruthless German competition, failed to hold its own until the time the war broke out. But during this period of decline the degree of protection was much greater than that proposed in the bill pending.

During normal times, to wit, during 1912, 1913, and 1914, these extracts were worth 5 and 6 cents per pound according as liquid or solid, and of course seven-eighths of 1 cent per pound duty is much greater than 11 per cent of 5 or 6 cents. Seven-eighths of 1 cent per pound is about 18 per cent ad valorem. It is especially urged that no mistake be made in computing the amount of protection by using the abnormal prices that prevailed during the war period and for a period thereafter. During this period of inflated prices the price rose to unprecedented heights, such as 15 cents, 22 cents, and 30 cents per pound, according to the form of the extract. These prices, of course, were abnormal and will never again be realized. The price has since declined materially, and no doubt will continue to shrink until a price is reached fairly near to the prewar price, having regard to the superior quality of the present product.

The industry was failing to hold its own under the mild protection of previous years, but this bill proposes to reduce that protection, and the consequence is inevitable. It was only during the war, when German competition was prevented, that these dyes demonstrated their value to the country and their capacity to serve the country. In 1916 and 1917, when there was such a shortage of coal-tar dyes and when German competition was eliminated, the natural-dye industry increased fourfold. This industry strikingly illustrates the value of a reasonable protective tariff.

Foreign competition in the natural-dye industry comes from England, France, Germany, and the West Indies, principally Jamaica and Haiti. More competition comes from France than from England.

It is to be observed that heretofore France has had a duty of 1½ cents per pound on logwood dyes—practically twice that given this industry in the United States during the tariff acts of 1897 and 1909 and at least three times the protection given this industry in the pending tariff bill. Further, since the war France has raised her duty on logwood extracts to 200 francs per 100 kilograms. This amounts to about five-sixths of a franc per pound, and at the present value of the franc (12.72 on Aug. 27, 1921) this gives a protection of about 10.6 cents per pound, practically prohibitive.

As pointed out above, Germany levied deadly warfare against the natural-dye industry in this country before the Great War and seriously crippled it. Germany is prepared to do the same thing now, but recognizing that the American tariff on synthetic dyes may be prohibitive as far as imports are concerned is taking steps to compete in the natural-dye industry. It is further reported that German firms are now acquiring stocks of raw materials for the manufacture of dyewood extracts. It is commonly understood that one extensive manufacturing plant in France was removed by the Germans and is now in Germany ready to operate. Wages in Germany are only about 30 cents per day American money, and unless a reasonable protective tariff shields the American natural-dye industry from this cut-throat competition Germany will again be able either to crush it or severely to cripple it.

The main competition comes from Jamaica and Haiti, where large manufacturing establishments have recently been constructed. These threaten to destroy the American industry. The average wage in Jamaica is 40 cents per day; in Haiti, 30 cents per day; whereas in the United States it is about \$3.60 per day. The West Indies have an additional advantage besides this extremely low labor cost. Logwood is a native tree in the Tropics, and there raw material is at hand. American industries have to import this raw material. The 25 per cent ad valorem asked for will scarcely be adequate to protect these domestic industries against this West Indian competition. It is certain that this American industry will be practically annihilated if the duty remains at 11 per cent ad valorem, as now fixed in the bill.

During the war these natural dyes demonstrated, as they never had a chance before, their value industrially to the United States. Manufacturers of various commodities were quite astonished to find that they could substitute these natural dyes for the coal-tar dyes they had theretofore received from Germany. It can almost be said this natural-dye industry received a new birth during the war, and since then new opportunities for usefulness have unexpectedly developed. Natural-dye manufacturing awaits only adequate protection to become an important American industry. All countries desire independence in respect to coloring matters. Our Nation is starting a program to accomplish this independence. That program, if it is to be successful, must include the natural-dye industry.

We therefore respectfully submit that the rate of duty in paragraph 36 of the tariff act should be increased to 25 per cent ad valorem.

(Presented in behalf of Oakes Manufacturing Co., Long Island City, N. Y. J.; D. Lewis, Providence, R. I.; MacAndrews & Forbes Co., Camden, N. J.; Taylor-White Extracting Co., Camden, N. J.; The J. S. Young Co., Baltimore, Md.; Imperial Dyewood Co., Lynchburg, Va.)

GLUE AND GELATINE.

[Paragraph 39.]

BRIEF OF GEORGE UPTON, BOSTON, MASS., REPRESENTING THE NATIONAL ASSOCIATION OF GLUE AND GELATINE MANUFACTURERS.

In behalf of the National Association of Glue and Gelatine Manufacturers I appeared before your committee on August 15, 1921, with reference to paragraph 39, H. R. 7456, concerning glue and gelatine, and at that time filed a brief on the subject.

This brief dealt with the rewording of the glue and gelatine paragraph for the purpose of segregating gelatine from glue and was based on chemical analysis of the products. It also contained certain suggestions for rates of duty.

We now desire to amend this suggested language for the reason that we have had an opportunity to give the problem further investigation, and have also conferred with the United States Tariff Commission, with the result that we are satisfied the language as originally suggested by us will not satisfactorily draw a line of demarcation between glue and gelatine.

We now ask you to approve the following paragraphing and rates:

"Edible gelatine, valued at less than 60 cents per pound, 20 per centum ad valorem and 7 cents per pound; valued at 60 cents or more per pound, 20 per centum ad valorem and 15 cents per pound.

"Gelatine, glue, glue size, and fish glue not specially provided for, valued at less than 60 cents per pound, 23 per centum ad valorem and 1½ cents per pound; valued at 60 cents per pound and above, 20 per centum ad valorem and 15 cents per pound.

"Caseine glue, agar agar, isinglass, and other fish sounds, cleaned, split, or otherwise prepared; manufactures wholly or in chief value of gelatine, glue, or glue size, 25 per centum ad valorem."

WORDING.

The above language makes a distinct segregation of edible gelatine from technical and ordinary gelatine, glue, etc. This is one of the essential points to the industry and one which they are clearly entitled to. (See our brief in Schedule 1.)

In the foregoing paragraphing we have divided the edible gelatine paragraph into two price brackets, with the dividing point at 60 cents per pound. In our opinion all edible gelatine for the next few years will be valued below 60 cents per pound, while technical gelatine will be valued above 60 cents per pound. To properly protect technical gelatine, covered in paragraph 5 under the heading "Gelatine," without imposing an excessive duty on "edible gelatine," it is necessary that the edible gelatine paragraph (par. 4) should contain two price brackets; the bracket below 60 cents per pound at the rate requested and the bracket above 60 cents per pound at the same rate of duty asked for in paragraph 5 for gelatine above 60 cents per pound. Otherwise, high-grade technical gelatine could be imported as an edible product at a lower rate of duty than we request for technical gelatine, and then later be disposed of for technical purposes, thereby defeating the object of the bracket protecting technical gelatine (par. 5).

The paragraph headed "Gelatine, glue, glue size, and fish glue," includes all grades of bone glues, hide glues, etc., and technical gelatine of all classes. Here, again, we suggest two price brackets, with the dividing point at 60 cents per pound. We further believe that for the next few years the only above-mentioned product that will be valued above 60 cents per pound will be high-grade technical gelatine, which we urge should be adequately protected as a new industry promoted in recent years at great expense. (See our brief in Schedule 1.)

RATES.

We asked in our brief of August 15, 1921, for a rate of 20 per cent ad valorem and 7 cents per pound on edible gelatine. Since that time we have filed with the United States Tariff Commission additional information and costs on this product, and we wish to conclude by the simple statement that the importations of the last 60 days show clearly that this rate is hardly sufficient.

The rate asked for on edible gelatine above 60 cents per pound is necessary to protect high-grade technical gelatine and prevent the importation of high-grade technical gelatine as edible gelatine. (See par. 8.)

You will note that under paragraph 5 covering "gelatine, glue, glue size, and fish glue" valued at less than 60 cents per pound we ask for a rate of 23 per cent ad valorem and 1½ cents per pound, as against the original suggestion contained in our brief of August 15, 1921, of 20 per cent ad valorem and 1½ cents per pound on glue and glue size, with a higher rate on gelatine. The inclusion of all gelatine (but edible gelatine) in the same bracket with glue necessitated increasing the ad valorem rate to bring the average up to an equitable basis for all classes of the commodity covered in this one bracket. There has been filed with the United States Tariff Commission costs covering the gelatine and glue items contained in this bracket.

The bracket on "gelatine, glue, glue size, and fish glue" valued above 60 cents per pound will reach the importations of technical gelatine. Here, again, costs and other information have been filed with the United States Tariff Commission, and one of the commission's representatives visited a producing plant.

The above rates asked for are based on the American-valuation plan. If this plan is not incorporated in the tariff bill now before you, the protection asked for in paragraphs 4, 5, and 6 should be adjusted to meet that situation, and we accordingly ask in the event American valuation is not used as a basis for determining the value of imported commodities that the following rates be accorded the industry, based on the European-valuation method:

"Edible gelatine, valued at less than 40 cents per pound, 30 per centum ad valorem and 7 cents per pound; valued at 40 cents or more per pound, 25 per centum ad valorem and 15 cents per pound.

"Gelatine, glue, glue size, and fish glue, not specially provided for, valued at less than 15 cents per pound, 25 per centum ad valorem and 1½ cents per pound; valued at 15 cents per pound and not above 40 cents per pound, 25 per centum ad valorem and 5 cents per pound; valued at 40 cents per pound and above, 25 per centum ad valorem and 15 cents per pound.

"Caseine, glue, agar agar, isinglass, and other fish sounds, cleaned, split, or otherwise prepared; manufactures, wholly or in chief value of gelatine, glue, or glue size, 25 per centum ad valorem."

In conclusion I would state that the industry requests that edible gelatine be separated in the paragraphing from gelatine, glue, glue size, and fish glue, and that the rates and bracketing requested on edible gelatine, gelatine, glue, glue size, fish glue, etc., be granted, as they are essential and necessary for the protection of the industry, as has been shown by the facts presented in our brief of August 15, 1921, and the information furnished the United States Tariff Commission.

VEGETABLE OILS.

[Paragraph 50.]

BRIEF OF CHARLES W. HOLMAN, REPRESENTING NATIONAL MILK PRODUCERS' FEDERATION, WASHINGTON, D. C.

The National Milk Producers' Federation and the National Board of Farm Organizations, both organizations having their national headquarters in Washington, D. C., have instructed me to submit to you additional data and reasons than those which were submitted on behalf of these organizations before the House Committee on Ways and Means (see part 5, pp. 3900-3913 of the hearings of that committee) showing reasons why the membership of these great organizations desire an adequate protective tariff against the importation into the United States of cottonseed, soya bean, and coconut and peanut oils, and the original products from which these oils are extracted.

The National Board of Farm Organizations is a service institution having the following organizations in its membership:

Farmers' Educational and Cooperative Union of America, Farmers' National Congress, National Agricultural Organization Society, National Conference on Marketing and Farm Credits, National Dairy Union, Pennsylvania Rural Progress Association, National Milk Producers' Federation, Farmers' Society of Equity, Federation of Jewish Farmers of America, American Association for Agricultural Legislation, Inter-mountain Farmers' Association, Pennsylvania State Grange, Farmers' Equity Union, Wisconsin State Union of the American Society of Equity.

The National Milk Producers' Federation is a service institution representing the following milk and dairy products marketing associations:

Dairymen's League (Inc.) and Dairymen's League Co-Operative Association (Inc.), Utica, N. Y.; New England Milk Producers' Association, Boston, Mass.; Inter-State Milk Producers' Association, Philadelphia, Pa.; Maryland and Virginia Milk Producers' Association, Washington, D. C.; East Tennessee Milk Producers' Association, Tasso, Tenn.; Summit County and Vicinity Milk Producers' Association, Akron, Ohio; United Dairy Association of Washington, Seattle, Wash.; Kentucky and Indiana Dairies Co., Lexington, Ky.; Queen City Milk Producers' Association, Cincinnati, Ohio; Ohio Farmers' Cooperative Milk Co., Cleveland, Ohio; Dairymen's Cooperative Sales Co., Pittsburgh, Pa.; Northwestern Cooperative Sales Co., Wauseon, Ohio; Michigan Milk Producers' Association, Detroit, Mich.; Southern Illinois Milk Producers' Association, East St. Louis, Ill.; Maryland State Dairymen's Association, Baltimore, Md.; Twin City Milk Producers' Association, St. Paul, Minn.; The Milk Producers' Association and The Milk Producers' Cooperative Marketing Co. of the Chicago District, Chicago, Ill.; Milwaukee Milk Producers' Association, Milwaukee, Wis.; Louisiana and Mississippi Dairymen's Cooperative Association, Baton Rouge, La.; Associated Dairymen of California, San Francisco, Calif.; Oregon Dairymen's Cooperative League, Portland, Oreg.

The number of dairy farmers belonging to our milk marketing associations is approximately 200,000.

The attitude of our organizations is quite clear on the question of import tariff on these vegetable oils. It has been taken only after very careful inquiry into the whole question. At the annual meeting of the National Board of Farm Organizations, February 16-18, 1920, a special resolution authorized an inquiry into this subject. The committee was instructed to make an investigation and reported to the semi-annual meeting of the National Board of Farm Organizations in Columbus, Ohio, September 1-3, 1920, and the board at that meeting passed the following resolutions:

"We favor agriculture being accorded the same consideration in tariff legislation as is accorded to other interests.

"We urge the Congress to revise tariff legislation to include a protective duty on all oriental vegetable oils and other raw commodities when their free importation acts adversely to the interests of American farm producers."

On November 28 the National Milk Producers' Federation passed the following resolution on this subject:

"*Resolved*, That we voice our approval of the work of our National Dairy Tariff Committee and of its recommendations to Congress proposing changes in the Fordney tariff bill to provide for an import tariff on butter of 10 cents a pound and rates on whole milk and its products on the basis of butter-fat content, and import duties at not less than 4 cents a pound on cotton seed, soya bean, and coconut oil, and 4½ cents a pound on peanut oil, with compensatory duties on the raw products from which these oils are expressed or extracted based upon the oil content of the products."

In support of that position I and my associates have been instructed to prepare and submit to this honorable committee certain facts and reasons why American farm producers are entitled to a full measure of tariff protection against these cheaper oriental oils, so as to equalize as much as possible the differences of living standards and production costs that exist between the United States and the Orient.

The statistical matter and trade information in the statement before the Committee on Ways and Means was prepared in part from public official documents of the Governments of China and the United States. In part it represents conclusions reached by me after field investigations in Japan, north and south Manchuria, and the port of Vladivostok. These investigations were made for the United States Food Administration and extended over a period of nine months in 1918-19.

Much of the tabulated material found in the appendices to this additional statement was prepared under the direction of Mr. C. F. Creswell, formerly with the United States Bureau of Markets and now statistician for the Dairymen's League Cooperative Association (Inc.), at Utica, N. Y., one of our member associations.

RATES ASKED FOR.

On behalf of that portion which we represent of the organized corn and cotton growers, hog and milk producers of the United States, we seek the following tariff duties on vegetable oils and the original products from which these oils are extracted:

Product.	Duties sought, per pound.	Duties proposed by Fordney bill, per pound.	Duties in emergency tariff, per gallon.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Cottonseed oil.....	4	2	20
Coconut oil.....	4	2	20
Soya bean oil.....	4	2	20
Peanut oil.....	4½	2½	26
Copra.....	2	(1)	.....
Soya beans.....	3	(1)	.....
Cotton seed.....	2	(1)	.....

¹ Free list.

As to the duty on soya beans, we have been informed that the United States Tariff Commission considers that soya beans are included in paragraph 763 of the Fordney bill. Inquiry among customs officials, however, reveals some uncertainty on their part as to whether this interpretation is correct. We ask that there be no indefiniteness in the bill which would allow the importation of soya beans free of duty.

The rates which we are asking we believe to be very reasonable in view of the known factors that influence production in the Orient, the lesser costs of production, and the great speculation which takes place in these products, involving a number of resales, before they are finally shipped away. We wish to emphasize especially the importance of a duty on these crude oils and upon the raw materials from which they are expressed or extracted; otherwise these oils could enter the United States free in the form of raw materials and be converted into the finished product here.

POSSIBILITIES OF PRODUCTION INCREASES IN THE ORIENT.

The possibilities of increasing the production of peanuts, soya beans, and copra in the Orient and Australia are very great. In China proper there is a constant substitution of acreage of one crop for another, depending upon market returns. In the Manchurias—an area equal in size to Texas and Minnesota combined—a population of approximately 20,000,000 Chinese are already engaged in occupations, most of which are agricultural. The farming lands of the Manchurias will easily furnish a livelihood

for 40,000,000 additional Chinese. There is, therefore, in this territory alone room for an enormous expansion of the soya bean and peanut industries. At no distant date we may look forward to the Manchurias producing for export as much soya-bean oil as the United States now produces in cottonseed oil.

The Caroline Islands, Java, Ceylon, India, and the Philippines constitute an area of great possibilities in the production of copra from which coconut oil is made. We may also expect some competition from Australia.

The lower living standards, immense supplies of cheap labor and primitive methods of production, enable traders and manufacturers to undersell and profit greatly with these oils.

I desire to draw your attention to these tables, marked Exhibits A to K, inclusive:

EXHIBIT A.

Importations into the United States of various oils given in pounds.

[Authority: Reports of the Bureau of Foreign and Domestic Commerce, Department of Commerce.]

	1912	1914	1916	1917	1918	1919	1920	1921
Coconut oil.....	46,720,000	58,012,000	64,349,000	163,091,000	356,089,000	281,063,000	216,327,000	¹ 167,480,040
Cottonseed oil.....	2,160,000	16,016,000	16,598,000	13,826,000	18,373,000	27,805,000	9,458,000	² 668,386
Peanut oil.....	7,628,000	7,365,000	15,674,000	27,405,000	68,466,000	154,050,000	95,123,000	¹ 2,786,347
Soya-bean oil.....	24,959,000	12,555,000	145,406,000	264,926,000	335,984,000	195,808,000	112,214,000	² 17,282,967
Total.....	81,465,000	93,948,000	242,030,000	469,248,000	778,912,000	658,726,000	433,122,000	188,217,740

¹ First 11 months only (to Dec. 1).

² First 10 months only (to Nov. 1).

EXHIBIT B.

Exportation from the United States of various commodities given in pounds.

	1912	1914	1916	1917
Coconut oil.....	358,000	506,000	478,000	1,830,000
Cottonseed oil.....	355,973,000	216,410,000	188,214,000	124,730,000
Peanut oil.....	7,000	96,000	171,000	145,000
Soya-bean oil.....	184,000	3,000	2,063,000	3,977,000
Lard.....	495,093,000	438,016,000	426,660,000	372,721,000
Lard, neutral.....	57,556,000	21,798,000	27,265,000	9,423,000
Lard, compound.....	73,724,000	63,356,000	49,822,000	49,300,000
Oleomargarine.....	3,500,000	2,293,000	6,309,000	3,523,000
Total.....	986,395,000	742,478,000	700,982,000	565,649,000

	1918	1919	1920	1921 ¹
Coconut oil.....	926,000	² 126,567,000	28,649,000	7,204,122
Cottonseed oil.....	119,090,000	193,133,000	184,754,000	240,672,563
Peanut oil.....	75,000	² 4,342,000	1,425,000	1,571,706
Soya-bean oil.....	545,000	² 45,548,000	46,740,000	1,943,768
Lard.....	548,818,000	760,901,000	612,250,000	804,399,824
Lard, neutral.....	6,307,000	22,957,000	23,238,000	22,437,652
Lard, compound.....	43,976,000	124,963,000	32,051,000	45,734,097
Oleomargarine.....	8,909,000	22,940,000	16,558,000	3,138,928
Total.....	728,646,000	1,301,351,000	945,665,000	1,127,102,660

¹ First 11 months only (to Dec. 1).

² Last 6 months only.

Foreign exports for coconut and soya-bean oil included, but ignored for other oils as they are negligible

EXHIBIT C.

Consumption of fats and oils by the oleomargarine industry, given in pounds.

[United States Department of Agriculture Bulletin No. 769. Later figures not available.]

Products.	1912	1914	1916	1917	1918
Vegetable:					
Coconut oil.....	293,000	112,000	563,000	19,763,000	61,773,000
Corn oil.....			147,000	859,000	60,000
Cottonseed oil.....	17,837,000	21,205,000	49,960,000	63,652,000	36,454,000
Mustard-seed oil.....	197,000	373,000	169,000	46,000	158,000
Peanut oil.....	2,453,000	3,137,000	5,335,000	10,498,000	21,593,000
Soya-bean oil.....	708,000	496,000	2,123,000	6,614,000	5,921,000
Vegetable stearin.....					42,000
Miscellaneous oils.....					124,000
Animal:					
Butter.....	645,000	600,000	2,152,000	3,303,000	4,548,000
Lard and neutral lard.....	14,794,000	19,439,000	33,446,000	42,401,000	45,702,000
Mutton oil.....				149,000	14,000
Oleo oil.....	28,145,000	46,445,000	68,989,000	96,652,000	96,378,000
Oleo stearin.....	906,000	2,620,000	2,036,000	2,494,000	3,427,000
Oleo stock.....	92,000	161,000	397,000	3,458,000	7,526,000
Tallow.....	16,000	329,000		77,000	982,000
Hydrogenated oil.....					66,000
Total.....	66,086,000	94,907,000	165,317,000	249,966,000	284,768,000
Other ingredients:					
Milk.....	11,856,000	12,799,000	21,331,000	24,410,000	61,128,000
Salt.....	2,096,000	2,537,000	4,088,000	6,115,000	18,279,000
Oleomargarine produced.....	95,397,000	123,843,000	184,899,000	271,874,000	332,898,000

EXHIBIT D.

Consumption of fats and oils by the lard-substitute industry, given in pounds.

[United States Department of Agriculture Bulletin No. 769. Later figures not available.]

Products.	1912	1914	1916	1917	1918
Vegetable:					
Cottonseed oil.....	866,696,000	1,053,142,000	919,447,000	1,069,214,000	1,015,051,000
Coconut oil.....				5,545,000	13,408,000
Corn oil.....			13,106,000	4,166,000	2,288,000
Peanut oil.....	1,687,000	2,144,000	17,969,000	12,206,000	27,612,000
Soya-bean oil.....		1,585,000	14,247,000	34,351,000	56,517,000
Stearin.....	180,000	611,000	4,007,000	17,140,000	14,904,000
Miscellaneous oils..	6,418,000	5,464,000	13,421,000	12,742,000	6,350,000
Animal:					
Pork fat and lard..	1,200,000	1,200,000	1,069,000	1,004,000	1,850,000
Stearin.....	57,644,000	64,628,000	49,493,000	54,959,000	54,598,000
Tallow, edible.....	10,834,000	13,945,000	9,852,000	9,953,000	11,361,000
Hydrogenated oil ¹		83,000	778,000	833,000	18,172,000
Total².....	944,659,000	1,143,190,000	1,043,288,000	1,222,116,000	1,222,413,000
Lard substitute produced ³	876,927,000	1,136,522,000	1,027,133,000	1,173,446,000	1,146,236,000

¹ These figures do not represent the total amount of hydrogenated oil used in the manufacture of lard substitutes for the reason that in many instances manufacturers who do their own hydrogenating reported the amounts of oils thus treated rather than the amounts of the hardened product. The figures here given represent largely the amount of hydrogenated oil purchased by the smaller substitute makers for combining with the other ingredients.

² The discrepancy between the amount of the total substitutes reported and that of the ingredients used is probably due to the fact that some manufacturers included in their reports the weight of the crude oil instead of the refined oil.

EXHIBIT E.

Consumption of fats and oils by the soap industry, given in pounds.

[From United States Department of Agriculture Bulletin No. 769. No later figures available.]

Products.	1912	1914	1916	1917
Vegetable:				
Chinese vegetable tallow	2,013,000	3,485,000	5,273,000	6,417,000
Chinese nut oil			118,000	115,000
Coconut oil	78,816,000	77,959,000	111,084,000	168,602,000
Corn oil	9,822,000	11,368,000	12,821,000	15,997,000
Cottonseed oil	132,312,000	119,254,000	194,916,000	126,390,000
Linseed oil	1,390,000	1,034,000	803,000	1,006,000
Olive oil	690,000	748,000	1,184,000	1,731,000
Palm oil	7,546,000	71,896,000	14,938,000	27,345,000
Palm-kernel oil	20,579,000	31,376,000	5,804,000	4,762,000
Peanut oil	31,000	76,000	1,181,000	15,126,000
Rapeseed oil	6,532,000	6,664,000	7,224,000	5,972,000
Sesame oil	1,110,000	11,000	8,000	5,000
Shea-nut oil			1,058,000	2,487,000
Soya-bean oil	1,182,000	4,499,000	57,373,000	124,058,000
Miscellaneous oils	9,097,000	6,637,000	7,020,000	9,692,000
Total	271,120,000	335,007,000	420,805,000	509,705,000
Animal and fish:				
Bone grease	17,526,000	16,832,000	19,535,000	37,032,000
Garbage grease	12,619,000	13,627,000	28,719,000	63,118,000
Herring oil	56,000	10,339,000	2,705,000	4,104,000
Lard	8,469,000	10,484,000	8,294,000	7,481,000
Menhaden oil	116,000	882,000	330,000	2,279,000
Neat's-foot oil and stock	29,000	77,000	329,000	118,000
Recovered grease	2,858,000	10,627,000	8,531,000	12,680,000
Sperm oil	9,000	7,000	14,000	17,000
Tallow	238,685,000	270,713,000	338,931,000	362,297,000
Tankage grease	28,566,000	31,822,000	35,769,000	38,303,000
Whale oil	9,927,000	4,023,000	8,126,000	5,732,000
Miscellaneous oils	4,639,000	10,909,000	11,130,000	9,490,000
Total	323,499,000	380,342,000	462,413,000	542,651,000
Derivatives:¹				
Acidulated soap stock	20,135,000	32,075,000	20,473,000	25,098,000
Cottonseed foots	77,975,000	88,667,000	103,868,000	107,070,000
Cottonseed foots (distilled)	11,152,000	19,474,000	8,410,000	8,872,000
Fatty acids	16,735,000	20,896,000	33,720,000	35,050,000
Fatty acids (distilled)	12,765,000	14,946,000	28,195,000	39,465,000
Grease stearin	1,461,000	944,000	5,144,000	19,146,000
Lard oil	1,134,000	1,265,000	2,143,000	2,148,000
Olive oil foots	5,457,000	7,298,000	9,411,000	10,500,000
Red oil	8,723,000	10,275,000	10,230,000	12,812,000
Miscellaneous soap stock	25,000,000	25,000,000	25,000,000	25,000,000
Total	180,537,000	220,840,000	246,594,000	285,149,000
Grand total	775,156,000	936,189,000	1,129,812,000	1,337,505,000

¹ The fact that no reports for hydrogenated oil are included in this table does not mean that none is used in the soap industry. Large amounts of hydrogenated oil were substituted for tallow and other hard fats, which were abnormally high during the recent Great War. The soap makers using hydrogenated oil, however, are largely producers of their own hardened fats and have reported the oils hardened rather than the hydrogenated product.

EXHIBIT F.

Estimated production of fats and oils in the United States, given in pounds.¹

[Authority for figures through 1918, United States Department of Agriculture Bulletin No. 769. Authority for 1919 figures, United States Bureau of Census. Authority for 1920 and 1921 figures on vegetable and animal fats and oils, United States Bureau of Census. Authority for 1920 and 1921 butter-fat figures, Dairy Division, Bureau of Markets, Department of Agriculture.]

	1912	1914	1916	1917
Vegetable oils.....	2,031,481,000	2,455,362,000	2,318,866,000	2,259,098,000
Animal fats and oils.....	1,315,539,000	1,568,245,000	1,870,057,000	1,605,727,000
Total.....	3,347,020,000	4,023,607,000	4,188,923,000	3,864,825,000
Butter fat (farm) ²	1,660,000,000	1,613,736,000	879,610,000	733,222,000
Butter fat (factory).....	581,000,000	652,382,000	630,825,000	637,503,000
Total.....	2,241,000,000	2,266,118,000	1,510,435,000	1,370,725,000
Grand total.....	5,588,020,000	6,289,725,000	5,699,358,000	5,235,550,000

	1918	1919	1920	1921 *
Vegetable oils.....	2,308,685,000	4,182,172,035	3,277,402,715	2,276,964,022
Animal fats and oils.....	1,838,995,000	1,941,669,378	2,223,215,360	1,844,825,031
Total.....	4,147,680,000	6,123,841,413	5,500,618,075	4,121,789,053
Butter fat (farm) ³	777,000,000	707,666,492	675,000,000	460,000,000
Butter fat (factory).....	669,492,000	920,550,066	863,577,000	490,000,000
Total.....	1,446,492,000	1,628,216,558	1,538,577,000	1,400,000,000
Grand total.....	5,594,172,000	7,752,057,971	7,039,195,075	5,521,789,053

¹ None of the derivatives reported in Table 11 are included here.

² 1921 figures to October 1.

³ The figures for farm butter fat are based on reports from various sources and are believed by the authors to be at least 90 per cent correct.

⁴ These estimates for the first 9 months of 1921 were furnished by the United States Bureau of Markets, as compared with a production for the same period of 1920 of 700,000,000 pounds of creamery butter and 500,000,000 pounds of farm butter. Reports received from foreign countries indicate a general increase of butter production this year. The figures compiled by the United States Bureau of Markets on domestic butter production show that this country is not only able to supply its own domestic needs but within another year will be seeking a wide export market.

EXHIBIT G.

Production of animal and fish fats and oils in the United States, given in pounds.

[Authority: Figures through 1918, United States Department of Agriculture Bulletin No. 769; 1919, 1920, and 1921 figures, United States Bureau of the Census.]

	1912	1914	1916	1917
Bone grease.....	29,528,000	42,264,000	34,389,000	31,020,000
Cod and cod liver oil.....	372,000	394,000	367,000	439,000
Garbage grease.....	30,411,000	44,688,000	60,212,000	65,250,000
Herring oil.....	1,888,000	1,512,000	1,476,000	1,637,000
Lard.....	727,744,000	887,580,000	1,086,581,000	968,389,000
Lard, neutral.....	51,414,000	51,303,000	76,163,000	52,548,000
Menhaden oil.....	33,009,000	16,265,000	20,598,000	18,640,000
Neat's-foot oil.....	5,181,000	5,158,000	7,239,000	8,317,000
Oleo stock.....	122,688,000	143,247,000	152,982,000	153,188,000
Sperm oil.....	4,083,000	2,495,000	4,560,000	3,567,000
Tallow.....	202,946,000	227,339,000	275,511,000	268,825,000
Whale oil.....	931,000	632,000	1,691,000	1,193,000
Wool grease and recovered grease.....	7,206,000	9,370,000	14,137,000	13,839,000
Miscellaneous animal oils.....	1,980,000	1,470,000	2,649,000	2,049,000
Miscellaneous fish oils.....	1,001,000	1,333,000	1,931,000	3,078,000
Miscellaneous greases.....	95,277,000	133,195,000	129,571,000	113,748,000
Total.....	1,315,539,000	1,568,245,000	1,870,057,000	1,605,727,000

*Production of animal and fish fats and oils in the United States, given in pounds—
Continued.*

	1918	1919	1920	1921 ¹
Bone grease.....	24,817,000	22,523,523	29,748,746	20,540,996
Cod and cod liver oil.....	712,000	968,339	1,470,812	235,207
Garbage grease.....	53,476,000	50,322,650	53,140,500	40,881,187
Herring oil.....	774,000	1,431,230	2,852,840	1,512,073
Lard.....	1,008,757,000	1,084,035,835	1,257,458,481	1,103,453,411
Lard, neutral.....	18,289,000	90,031,605	77,690,234	52,291,749
Manhaden oil.....	12,370,000	12,827,541	27,673,401	21,111,135
Neat's-foot oil.....	9,764,000	7,645,514	6,212,118	4,736,032
Oleo stock.....	145,928,000	129,863,250	132,111,662	116,563,419
Sperm oil.....	743,000	649,000	3,125,625	52,421
Tallow.....	304,891,000	288,360,337	301,342,889	267,800,483
Whale oil.....	431,000	8,712,308	23,051,811	1,018,820
Wool grease and recovered grease.....	21,020,000	20,435,877	19,855,807	13,119,581
Miscellaneous animal oils.....	7,559,000	30,220,843	36,838,781	17,794,873
Miscellaneous fish oils.....	954,000	8,332,412	7,852,464	3,076,388
Miscellaneous greases.....	165,509,000	184,808,313	242,789,289	180,697,256
Total.....	1,838,995,000	1,941,669,378	2,223,215,360	1,844,825,031

¹ 1921 figures are to Oct. 1 only.

EXHIBIT H.

Production of vegetable oils in the United States, given in pounds.

[Authority: Figures through 1918 from United States Department of Agriculture Bulletin No. 769. Figure for 1919, 1920, and 1921 from United States Bureau of the Census.]

	1912	1914 ¹	1916	1917
Castor.....	23,359,000	20,423,000	22,766,000	22,902,000
Coconut.....	31,729,000	38,272,000	104,727,000	188,488,000
Coquito.....	72,832,000	91,810,000	803,000	118,021,000
Corn.....	1,435,401,000	1,789,777,000	1,099,963,000	1,343,849,000
Cottonseed.....	461,656,000	507,422,000	531,586,000	482,199,000
Linseed.....	360,000	306,000	729,000	1,098,000
Mustard seed.....	966,000	1,128,000	1,462,000	963,000
Olive.....	3,200,000	402,000	8,619,000	6,453,000
Palm kernel.....	454,000	1,006,000	28,534,000	50,499,000
Peanut.....	320,000	435,000	752,000	667,000
Raisin seed.....	90,000	19,000	223,000	232,000
Rape seed.....	.....	30,000	129,000	304,000
Sesame.....	.....	.....	3,974,000	81,000
Shea nut.....	.....	2,764,000	9,920,000	42,074,000
Soya bean.....	1,114,000	1,568,000	2,249,000	1,268,000
Miscellaneous.....	.....	.....	.....	.....
Total.....	2,031,481,000	2,455,362,000	2,318,866,000	2,259,098,000

	1918	1919	1920	1921 ¹
Castor.....	14,184,000	24,637,203	24,187,085	13,966,449
Coconut.....	341,235,000	492,734,868	317,162,081	173,494,452
Corn.....	111,065,000	173,447,565	174,628,786	101,178,303
Cottonseed.....	1,283,823,000	2,610,288,303	2,119,641,957	1,578,137,981
Linseed.....	375,452,000	452,927,798	485,271,517	345,283,876
Mustard seed.....	1,296,000	.....	.....	.....
Olive.....	618,000	540,490	651,416	853,882
Palm kernel.....	3,784,000	2,517,105	2,671,112	1,871,505
Peanut.....	95,934,000	272,210,381	86,544,773	55,998,510
Raisin seed.....	536,000	.....	.....	.....
Rape seed.....	139,000	1,236,743	408,840	127,905
Sesame.....	299,000	.....	.....	.....
Soya bean.....	79,861,000	149,048,162	64,624,876	5,175,894
Miscellaneous.....	409,000	2,683,417	1,610,272	875,265
Total.....	2,308,685,000	4,182,172,035	3,277,402,715	2,276,964,022

¹ 1921 figures for first 9 months only, to Oct. 1.

EXHIBIT I.

Year.	Corn produc- tion.	Dec. 1 corn price.	Hog popu- lation Jan. 1.	Dec. 15 hog price.	Year.	Corn produc- tion.	Dec. 1 corn price.	Hog popu- lation Jan. 1.	Dec. 15 hog price.
	<i>Bushels.</i>	<i>Cents per bu.</i>	<i>Number.</i>	<i>Per cwt.</i>		<i>Bushels.</i>	<i>Cents per bu.</i>	<i>Number.</i>	<i>Per cwt.</i>
1911..	2,531,488,000	.....	65,620,000	\$5.72	1917..	3,065,233,000	128	67,503,000	\$15.73
1912..	3,124,746,000	.....	65,410,000	6.89	1918..	2,502,665,000	137	70,978,000	15.82
1913..	2,446,988,000	.....	61,178,000	7.16	1919..	2,858,509,000	135	74,584,000	12.66
1914..	2,672,804,000	.....	58,933,000	6.67	1920..	3,232,367,000	68	71,727,000	8.90
1915..	2,994,793,000	.....	64,618,000	6.02	1921..	13,081,251,000	30	66,649,000	* 7.31
1916..	2,566,927,000	89	67,766,000	8.76					

¹ Dec. 1 estimate.

* Oct. 15 price.

EXHIBIT J.

Cotton seed produced, crushed and not crushed, in tons.

	Produced.	Crushed.	Not crushed.		Produced.	Crushed.	Not crushed.
Year Aug. 1- July 30—				Year Aug. 1- July 30—			
1911-12.....	6,997,000	4,921,000	2,076,000	1917-18.....	5,040,000	4,252,000	788,000
1912-13.....	6,104,000	4,580,000	1,524,000	1918-19.....	5,360,000	4,479,000	881,000
1913-14.....	6,305,000	4,848,000	1,457,000	1919-20.....	5,074,000	4,013,000	1,061,000
1914-15.....	7,186,000	5,780,000	1,406,000	1920-21.....	5,971,000	4,069,000	1,902,000
1915-16.....	4,992,000	4,202,000	790,000	1921-22 ¹	* 3,704,000	1,582,420	2,121,580
1916-17.....	5,113,000	4,479,000	634,000				

¹ Figures for Aug. 1 to Nov. 30.

* Cotton seed, Dec. 1 estimate.

EXHIBIT K.

United States imports of peanuts, soya beans, and copra, in pounds.

	1912	1913	1914	1915	1916
Peanuts.....	13,448,068	23,948,499	46,058,077	22,423,319	25,661,260
Soya beans (seed) imported for consumption.....			1,929,435	3,837,865	3,003,065
Copra.....	68,211,938	39,301,396	68,489,149	113,216,014	169,657,449
Total.....	81,660,006	63,249,895	116,476,661	139,477,198	198,321,774

	1917	1918	1919	1920	1921
Peanuts.....	50,266,678	69,717,628	29,847,041	119,513,435	¹ 40,079,985
Soya beans (seed) imported for consumption.....	5,344,334	31,812,997	4,368,780	3,136,850	* 3,414,625
Copra.....	376,403,145	450,919,241	288,553,462	248,109,075	¹ 176,685,900
Total.....	432,014,157	562,449,866	322,769,283	370,759,360	220,180,510

¹ 11 months to Dec. 1, 1921.

* 3 quarters ending Sept. 30, 1921.

Glancing at these tables you will see that American industry has been looking more and more toward the Orient for its supply of vegetable oils. This has been because of cheap prices there. Yet within this country there is the possibility of producing practically all of our raw supply with a few exceptions because of the interchangeable character of these oils. And in addition the United States can easily continue to have a large exportable surplus. The largest part of the world's cottonseed oil is produced in the United States.

Only an extremely small percentage of the world's Indian corn crop is produced outside of the United States. The production of hogs goes along with the production

of corn. The corn crop of the United States for the past five years has exceeded 2,500,000,000 bushels annually and in three of those years has exceeded 3,000,000,000 bushels. We find that on January 1 of the present year the hog population of the United States is only 1,000,000 more than it was 10 years ago, notwithstanding the increase in the population and the great surpluses of corn which have accumulated and which ordinarily can most profitably be used in feeding to hogs. That the American farmers will respond in the production of animal fats is shown by the fact that in 1917-1919 the hog supply ran from 67,503,000 to 74,584,000, reflecting the high prices paid for hogs due to the war impulse. In 1920, however, when the price of meat fell the hog supply fell and this trend continued through 1921.

In the years of high production, the price of corn on December 1 ranged from \$1.28 in 1917 to \$1.37 in 1918 and \$1.35 in 1919. On December 1 of 1920 the price of corn was 68 cents per bushel and on December 1 of the present year actual farm price of corn will run around 20 cents a bushel and often under. These prices, in view of the December 15 price of \$7.31 for hogs in packers' droves, indicate a very much larger production and fattening with heavy offerings in the spring.

It should also be noted that the lard supply can be shifted from 10 to 20 per cent, according to the way that packers trim their dead animals.

The cottonseed crushing industry in the United States has developed within the last 30 years from a stage where that product was considered a nuisance up to the present when it is the foundation of one of the South's greatest industrial enterprises. In the year 1890 there was produced 4,000,000 tons of cottonseed of which 25 per cent or 1,000,000 tons was crushed, yielding 40,930,000 gallons, or 306,275,000 pounds of oil, which was by far the largest amount ever produced in this country up to that time. However, there was destroyed or used for fertilizer direct 3,000,000 tons, except the quantity used to plant the next crop. In the crop year 1918-19, 5,360,000 tons was produced and 4,479,000 tons was crushed, leaving only 881,000 tons for planting and waste. This amount not crushed increased to 1,900,000 tons in 1920-21, notwithstanding the fact that the acreage planted for the 1921-22 crop was considerably below normal. Thus there was a large quantity of seed wasted or partly wasted by applying direct to the soil as fertilizer, thereby losing its most valuable product, the oil, as well as the linters and the feeding value of the hulls and meal. At this time, when the producers were being offered low prices for seed, when the crushing industry of the South was moving at a slow rate and when seed was being dumped directly on the ground, large quantities of cheaply produced oriental oils were finding their way into this country.

The highest cottonseed crush at any period was the season of 1914-15 when the mills turned 5,780,000 tons into oil and other by-products. In that year even it was estimated that 1,406,000 tons did not reach the mills. (Exhibit I.)

As soon as the present surplus of cotton stocks is reduced to the normal there is every indication that the supply of cottonseed available for crushing will be increased as the cotton market will tend toward stability and southern farmers may again produce a fifteen to sixteen million bale crop.

GROWTH OF IMPORTS.

The imports into the United States of cottonseed, coconut, and peanut and soya-bean oil increased from 84,465,000 pounds in 1912 to 778,912,000 pounds in 1918 and declined to 433,122,000 pounds in 1920. The 1920 trade was dull, owing to general world conditions. Figures for 1921 are available only for the first 11 months, which show a total of 188,217,740 pounds. It should be noted that the emergency tariff bill was approved May 27, 1921, and since then the imports have been greatly diminished although the revival of European demand has caused some diversion of crude oils direct to Europe which during the war came into this country and were manufactured or refined and again shipped on.

But the emergency rate has not succeeded in keeping these products out and we may look to a variety of ingenious ways on the part of the oriental traders to get into the country. (Exhibit A.)

If the 1921 imports were the normal requirements of American industry, it seems reasonable to say that a very slight encouragement would draw out American production to that extent. For example, 2,000,000 tons of cottonseed which this year will probably go to waste from an oil point of view would produce this domestic deficit and then have some to spare for export. (See Exhibit J.)

EXPORTS FROM THE UNITED STATES.

The total exports of these oils, together with lards and lard compounds and oleomargarine in 1912 amounted to 986,395,000 pounds. In 1919 these exports had reached their height which was 1,301,351,000 pounds. They have almost sustained themselves, dropping to slightly under the 1912 figure in 1920 and increasing to 1,127,102,660 pounds in the first 11 months of 1921.

The argument has been made, particularly by the representatives of the soap industry, that a tariff protection such as we are seeking would prevent soap makers from using coconut oil at a price which would enable them to compete with the world trade in soap. On the other hand, the Philippine copra supply is capable of being increased several times its present capacity and Manila coconut oil can take the place of coconut oil, on which duties are laid, and soap men can also, if they so desire, avail themselves of the drawback privilege provided in the Fordney bill as to their export trade.

No argument of this kind would suffice in respect to soya bean oil, as it is interchangeable with cottonseed oil, and the soap makers can very easily secure their supply at home.

Likewise the peanut producers of the country are ready to increase their acreage if they know that the peanut mills will not have to compete with the cheaper produced Chinese oil.

The lard substitute industry in 1918 used 1,015,051,000 pounds of cottonseed oil and only 97,877,000 pounds of coconut, peanut, and soya-bean oil combined. With the interchangeable use of these oils it should not be difficult for America to supply the lard substitute industry with its entire needs.

But in respect to the oleomargarine production, the problem is not so easy, as coconut oil in 1918 was used to the extent of 61,773,000 pounds, soya-bean oil, 5,921,000, and peanut oil, 25,593,000, while only 36,454,000 pounds of cottonseed oil found its way into this product. Certainly the oleomargarine interests can be supplied with domestic peanut oil, which is far superior to the Chinese in edible qualities. The dairy industry feels that makers of oleomargarine still have extraordinarily high profit incentives in this product, even after paying the import duty which we are asking of 4 cents a pound on coconut oil.

The immense capacity of this Nation to supply its own fat needs and remain in the export market may be seen by examining Exhibit F. Our gross production increased from 5,888,020,000 pounds in 1912 to 7,752,057,971 pounds in 1919. This production held up to 7,039,195,075 pounds in 1920. Exhibits G and H give details in relation to the production of the vegetable oils in the United States and the production of animal and fish fats and oils forming a part of the consolidated statement in Exhibit F.

An analysis of the figures found in these tables will convince this honorable committee, we hope beyond doubt, of the following truths:

1. The United States can produce all the edible fats and oils required for its consumption.
2. Coconut oil required for technical purposes can come in from the Philippines, thereby stimulating the industry of growing and crushing there.
3. Imported soya-bean oil can be replaced for edible purposes by cottonseed oil and for technical purposes by domestic soya-bean oil, cottonseed oil, and by a stimulated production of flaxseed for oil purposes.
4. Large quantities of cotton seed, after considering that needed for planting, have not come to market, thereby wasting at least the oil content of that portion not marketed.
5. Vegetable oils made into lard compound compete with lard. The production of lard can be increased by feeding more corn, by making more and fatter hogs, and by trimming the meat closer.
6. Soya beans, copra, and peanut imports for crushing purposes are the same as importing the oils, and therefore should be assessed the same duties.
7. Large areas in the South can be utilized in the production of peanuts, which have a high oil content.
8. Lard yields probably can vary 10 to 20 per cent of live weight, depending on market for lard meat.
9. At present farmers in the West are burning corn, indicating that there is no suitable market for corn. As corn makes hogs, which in turn make lard, and as lard compound made from vegetable oils competes with lard, any volume of vegetable oil imports would be to the disadvantage of the corn and hog producers.

CHEAPER FREIGHT RATES INTENSIFY PROBLEM.

We also call your attention to the fact that cheaper transcontinental freight rates, based upon through rates from the Orient to Atlantic seaboard points, will make it all the more necessary for farmers to be protected by higher duties than those now prevailing.

In my statement before the House Committee on Ways and Means will be found an extended analysis of the production, transportation, and sale of soya beans. This analysis will apply with equal force to the production of peanut and cottonseed oil in the older parts of China. In it I called attention to extensive plans which oriental traders have to institute changes in ocean transportation in order to cheapen the handling of the product. Again I repeat from that statement:

"Cheaper transportation costs of oriental vegetable oils do not strike American cotton, hog, and dairy interests as being a particularly joyful outlook. Rather do they make more serious the impending struggle of foreign vegetable oils for supremacy on American markets, if our National Government does not include tariff readjustments in its program of the near future.

"As laboratory experiments reveal new uses of these oils or ways of making them take the place of cottonseed oil, and as commercial interests of the Orient improve the grade of the product now coming on the market, or cheapen their costs of laying it down here, cottonseed oil will have a harder battle to wage, with this oil produced by Chinese labor for the profit of Japanese capital.

"I will repeat that dairymen have a keen interest in this matter because the importation of peanut oil, cottonseed oil, and coconut oil tends to bear down the whole milk market. They have a further interest due to the growing trade between the manufacturers of condensed and evaporated milk and the Orient. A large British syndicate is already an important factor in the purchase of whole milk in this country for canning purposes. This syndicate has its brands of milk on sale throughout the Orient. The Chicago packers have lately been extending their control over the cheese market to the condensed milk market. I conceive that they may have a very peculiar interest in developing an export trade in tinned milk. This interest may lie in the fact that the packers are also very great users of the oriental vegetable oils. Can it be possible that such users might, on the one hand, bring in these oils which they have purchased cheaply in the Orient to bear down the prices of raw commodities entering into the American lard and butter substitutes and also bear down the price of whole milk, cottonseed, and peanuts? Such a program would give them a cheap commodity to sell to the Orient in exchange for vegetable oils. I submit that as a very interesting phase of this question.

"There is one other angle to this problem. To our farmers it makes no difference whatever whether soya-bean oil and other interchangeable vegetable oils are imported for use or for reexport after refining. The element of competition is there just the same. Take, for example, the havoc played in the peanut industry during the summer and fall of 1919, due in part to the extraordinary increase in importations of peanut oil and peanuts from China. These importations for the fiscal year ending June 30, 1920, amounted to 66,206 tons of peanuts, or more than 27,500 tons than was imported in 1918. Of peanut oil we imported 82,741 tons in 1920, as against 21,082 tons in 1918 and 42,722 tons in 1919. These imports, together with other oriental vegetable oils coming in, reached American shores at a time when surpluses of American grown and manufactured products were banking up in storage houses all over the country, and thus tended to offset any upward price reactions which might follow gradual movement of these products into general consumption. In a time of crises it is preferable for our manufacturers and our traders to be devoting their efforts toward moving home-grown surpluses rather than to have the additional weight of large quantities of foreign products to handle at the same time.

"In an argument against a high protective tariff it is not sufficient to say that the price curves of these foreign vegetable oils follow sympathetically the price curves of cottonseed oil and linseed oil. The facts are that most of these commodities can be purchased abroad and laid down in America at prices considerably under the market quotations. For example, even under high tonnage rates in the fiscal year of 1919, if bottoms had been available which now are available, I personally know that several hundred thousand tons of soya beans could have been purchased and laid down at Pacific and Gulf ports at prices sufficient to have knocked the bottom out of the stabilized price of cotton seed, which at that time was \$70 a ton. In a world readjusting itself the oriental is just as well prepared to make readjustments as the occidental, and their present relationships to price will continue just as long

as the oriental operates on a lower standard of living and at costs based upon the lower standard.

"Certain importers of these oils have made objections to duties. The farmers' answer to them is that they should establish the same type of machinery for collecting and handling of these oils in the Orient that the Japanese do. They could then afford, as the Japanese trader can now afford to do, to bring in these oils and pay a duty that would equalize the situation."

Accordingly we reiterate our request that this honorable committee recommend to the Congress import duties on these oils at the rates specified in the first part of this statement.

STATEMENT OF CHARLES W. HOLMAN, REPRESENTING NATIONAL BOARD OF FARM ORGANIZATIONS, WASHINGTON, D. C.

Mr. KIRBY. The next witness, Mr. Chairman, is expected to present some data on the vegetable oil situation. He has been engaged in the Orient in the service of the Department of Commerce, and he has heretofore filed a brief with this committee; and we have asked him to cover certain data that can be placed in the briefest form possible before you, for the reason that something has arisen in the vegetable-oil industry in this country that to our minds greatly jeopardizes the cotton man, and that is the cottonseed farmer of the South. I am speaking now of the farmer, not those who use his materials as raw material for their manufacturing purposes as crushers, or who use material of the crushers for refining purposes. But the forgotten man, the farmer, is interested intensely in this matter of the free importation of vegetable oils from the Orient and the Tropics, and we want Mr. Holman to talk briefly on that subject.

Senator McCUMBER. This subject has also been very thoroughly discussed before the committee.

Mr. KIRBY. In that connection, Senator. I want to tell you that something has arisen, and those who are our opponents in the matter we are presenting to you are here present. I do not know whether they purpose being heard or not, but I presume they do.

Cottonseed producers were really at the foundation of the organization of the Southern Tariff Association. The cottonseed crushers of Texas put in with the oil largely because they recognized they were being severely punished by the free list in vegetable oils. Those organizations have gone forward and filed briefs with the advice and consent of the Tariff Association, presenting our problems. But it now narrows down to this point: We seem to have been deserted—that is, the farmer does—by his former allies, and this is so serious a matter to him that we crave your indulgence until you consider those particular points of the relation of the southern cotton planter to this problem of vegetable oils.

Senator SMOOT. What particular oil are you going to discuss?

Mr. HOLMAN. I am going to address myself primarily to the Manchurian problem, which means the soya-bean oil, and make this general statement, that the facts which I propose to show to you in regard to the conditions of production, transit, and export in Manchuria apply generally to the Orient.

Senator SMOOT. You want more than 2 cents a gallon?

Mr. HOLMAN. Yes. We have asked for 4 cents on soya-bean, coconut, and cottonseed oil; $4\frac{1}{2}$ cents on peanut oil; $\frac{3}{4}$ cents a pound on cottonseed and soya beans, and 2 cents a pound on copra, leaving the position of the National Board of Farm Organizations, which I represent,

undecided as to the duty which we should ask on peanuts. We are undecided, because we wish to coincide with whatever views are taken on this matter before the committee by the peanut association.

I doubt if any thorough investigation of the Manchurian soya-bean production was made prior to 1918, when the United States Food Administrator sent me to Japan and to Manchuria, and later into Siberia, primarily to make a survey of the manufacturing capacity of Japan and Manchuria, the stocks on hand, and the conditions surrounding the production and marketing of the crop.

In cooperation with the various consuls and the commercial attachés in those two countries, I collected and got together some information. Since that time, on certain parts of the information, I have endeavored to keep it up to date.

As Mr. Kirby remarked, a condition has arisen in the vegetable-oil interests of this country which make it imperative that the truth be told this committee in regard to the conditions which we found.

To this, Mr. Chairman, I wish to call your attention very visually to the type of man whom the American cottonseed farmer and dairyman, flax grower, corn producer, and hog man is required to compete against. The hut shown in one of the pictures [exhibiting pictures to the committee] is a hut common to millions and millions of people in this pioneer country of northern Manchuria. The country itself—the two Manchurias—includes an area equal in size to Texas and Minnesota combined. The total population of the two countries is about 20,000,000 people, variously estimated. The Chinese census is always inaccurate, and nobody knows exactly, except by the fact that immigration into northern Manchuria is proceeding at a very rapid rate, estimated to absorb new farm land at from 5 to 8 and even 10 per cent a year, depending upon the market prices. There is of arable land in these two countries—the three eastern Provinces—sufficient land to care for 40,000,000 to 50,000,000 Chinese.

The rate of increase of soya-bean production is such that at the end of 10 or 15 years we may face the exportation from that country of as much soy-bean oil as we now produce in terms of cottonseed oil in this country under normal crop conditions.

The Chinese farmer has extended his farms in this country, even under pioneer conditions, as far as 250 miles from the railroad. He farms on a very economic basis and a very sensible one. He produces enough to live on so far as his own simple needs are concerned, and those of the numerous retinue of minor persons in the family, who help him on the farm—he generally farms on the basis of 50 per cent of his land to produce enough to live on, and 50 per cent goes into soya beans and into grain for market purposes, and that would be wheat. Generally he does as the southern cotton farmer does with cotton—puts it mainly into soya beans, which is the best money crop for him. So that his soya-bean crop is a surplus money crop, and irrespective of the market price to him, it does represent an accumulation in fortune.

When the crops are grown they are moved, as I said, 250 miles often to the railroad, in transporting conveyances of this character. [Exhibiting photograph to the committee.] These are pictures, Senator Smoot, which I took showing the large trains of products going to market, four or five ponies hitched to a wooden-wheel cart,

and on those carts ordinarily go five baks of beans, and it takes them a great many days to make the journey. But they have plenty of time; they have no expense, because when they reach the Chinese end the droppings of the manure from the horses is considered to be sufficient remuneration for their lodging expenses at that time, and they carry their own feed for their horses.

Under those conditions you can see that it does not matter—and this is a very big point which I wish to emphasize—whether the price of soya beans be low or high, the Chinese farmer can afford to continue for, perhaps, an indefinite time in producing the crop under these conditions of living, and the rates of production have been steadily increasing during the last 10 years. In fact, the industry is almost a new industry in that country when viewed as to its commercial aspects.

I made a survey of the commercial exports from the 10 principal stations guarding the boundaries of Manchuria as the only possible basis from which we could estimate the commercial production.

By calculating the exports of soya beans, then making the calculations between the exports of soya-bean oil and soya-bean cake, we reached the following sums: In 1911 the total of these commodities, in terms of soya beans, was 1,724,292 short tons; in 1919 it had increased to 2,306,017 short tons.

You can readily calculate from a simple arithmetical progression what this increased acreage would mean at 5 or 6 per cent, or even 8 per cent in the amount they are producing. Since the oil content of the soya bean varies all the way from 9 per cent in the cheaper, poorer varieties, up to as high as 18 cents for the richer oils, we generally figure we are safe in saying that 12 per cent oil extraction is a proper thing to calculate on.

I will also file some data which I secured this afternoon, to bring up these figures to date. On the details I am absolutely sure I am correct, as we took them from the Chinese maritime customs reports, but the additions are hastily done. However, the additions show that in terms of beans the 1920 production of Manchuria was equal to 1,746,335 tons of beans.

Now, Mr. Chairman, it has been said by certain representatives of great refining interests in this country and by large importers of these oils that the emergency tariff bill, which went into effect last spring, has had the effect of removing the United States buyers from active operation in the Orient, thereby putting the oriental seller of these oils at the mercy entirely of the European buyers, or such other buyers as may be.

I am going to introduce a set of figures here, also taken from the Chinese maritime customs reports, which will show that the diversion of soya beans and soya-bean oil to other parts of the world than the United States began in 1919 and continued progressively in 1920. The figures for 1921 are not available, except for the first two quarters, and those would hardly be considered adequate enough for these purposes. I wish to file this data which I have taken to-day from the original reports of the Chinese maritime customs.

Senator McCUMBER. They may be filed with your testimony.

Mr. HOLMAN. They show conclusively the conditions.

(The data referred to are as follows:)

Exports of soya beans and soya-bean oil from China to various countries.

[Taken from Chinese Maritime Customs Report.]

Country.	Unit.	1917	1918	1919	1920
Beans, yellow:					
Great Britain.....	Piculs ¹			1,236,753	285,605
Sweden.....	do				33,167
Russia and Siberia.....	do	6,830	643	6,787	1,206
Russia, Amur ports.....	do	257,157	5,614	579,498	3,768
Russia, Pacific ports.....	do	5,418,092	1,366,818	955,075	588,560
Japan, Formosa.....	do	994,789	3,861,530	5,360,590	4,986,722
United States, Hawaii.....	do	17,726	16	15	896
Denmark.....	do	520,297	143,903	760,806	696,377
Netherlands.....	do			33,457	2,977
Belgium.....	do			3,446	
France.....	do		2,533	17	
French Indo-China.....	do		2,181	27,001	63,367
Siam.....	do		4,394	6,459	12,890
Singapore and Straits Settlements.....	do		66,847	78,230	112,014
Dutch East Indies.....	do		335,167	386,172	636,589
Turkey.....	do			1,199,546	393,706
Italy.....	do				1,686
Korea.....	do		177,539	208,389	143,101
Bean oil:					
Great Britain.....	do			257,580	85,009
Denmark.....	do			15,875	72,226
Netherlands.....	do			70,572	623,206
Belgium.....	do			19,882	23,528
France.....	do	1,632	2,132	57,840	10,711
Italy.....	do	367		1,679	40,919
Russia, land frontier.....	do		5,541	12,730	2,440
Russia, Amur ports.....	do		11,524	9,134	9,004
Russia, Pacific ports.....	do		2,737	10,913	1,146
Japan and Formosa.....	do		87,673	628,621	283,119
Canada.....	do		4,001	9,412	
United States and Hawaii.....	do		2,136,746	729,544	470,145
Sweden.....	do			108,646	49,579
Germany.....	do			178	28,980
Austria-Hungary.....	do			83	167
Korea.....	do		23,611	14,343	5,284
Beans, green:					
Great Britain.....	do			168	5
Russia, Amur ports.....	do			218	
Russia, Pacific ports.....	do		19	5	14
Japan, Formosa.....	do	48,876	93,973	243,259	192,695
United States, Hawaii.....	do	386	35	512	
France.....	do				165
Siam.....	do		235	378	838
Singapore and Straits Settlements.....	do		8,715	61,542	32,075
Dutch East Indies.....	do		6,278	10,574	6,474
British India.....	do		4,299	189,925	97,306
Korea.....	do			34,974	9,354
Total.....	do	7,266,660	8,384,704	18,332,091	9,877,010

¹ A picul is about 133 pounds avoirdupois.*Exports of Manchuria soya-bean oil, 1920.*

[Chinese Maritime Customs Reports.]

Custom station:	Piculs.
Sansing.....	2,474
Manchouli.....	2,037
Harbin.....	10,401
Suifenho.....	954
Hunchun.....	1,255
Lungchingtsun.....	965
Antung.....	4,509
Dairen.....	1,755,948
Newchwang.....	42,405
Total.....	1,820,973

Exports of Manchuria green and yellow soya beans, 1920 and 1921.

[Chinese Maritime Customs Reports.]

Customs stations.	1920		1921	
	Green.	Yellow.	Green.	Yellow.
	<i>Piculs.</i>	<i>Piculs.</i>	<i>Piculs.</i>	<i>Piculs.</i>
Sansing.....		844,694		
Manchouli.....		1,103		
Harbin.....		3,952		11,459
Suifenhö.....		588,560		
Hunchun.....		9,598		246
Lungchingtsun.....		84,022		48,883
Antung.....	11,777	229,518		12,628
Tatunkow.....		8,221		
Dairen.....	217,103	8,112,260	18,235	2,922,940
Newchwang.....	106,440	660,411	17,374	99,279
Total.....	335,320	10,543,339	35,509	3,065,434

¹ Beans and peas.*Exports of Manchuria bean cake, 1920.*

[Chinese Maritime Customs Reports.]

Custom stations:	<i>Piculs.</i>
Sansing.....	19,284
Harbin.....	75
Suifenhö.....	74,028
Hunchun.....	10,912
Lungchingtsun.....	3,593
Antung.....	950,710
Dairen.....	16,853,660
Newchwang.....	2,805,618
Total.....	20,720,880

Senator SIMMONS. Did I understand you to say that you had no available data showing the importations of soya beans into this country?

Mr. HOLMAN. No, sir; I did not say that, Senator. I spoke of the original exports from Manchuria—I am considering this problem not from the relation of our imports from Manchuria, but of the amount of products Manchuria produced and where Manchuria ships these to all parts of the world, the United States included.

Senator SIMMONS. And you are not speaking about imports into the United States?

Mr. HOLMAN. Not at the present moment, Senator. Under those conditions, Senators, with these products being diverted a year earlier than the emergency bill went into operation, I think that their argument is bound to fall to the ground, especially when you take into consideration this fact, that American importers have never had very efficient business relationships in Manchuria which would enable them to procure their original products at prices comparable with what the Japanese buyers like Mitsui & Co., Suzuki Shoten, and Danish East Asiatic companies have been able to do.

More than that, on the 1st day of February, 1919, in response to a cable from Paris from Mr. Hoover, I made a rough calculation of the surplus in Manchuria, both the combined manufacturing capacity of the Manchuria mills and the Japanese mills. Roughly speaking, there were approximately 700,000 tons of soy beans at country sta-

tions—more than could possibly be manufactured over there. The armistice came on, and ocean tonnage went down and the other countries were able then to absorb a part of that.

I wish to call your attention to the vastness of this industry as shown by the photographs taken by the Japanese Imperial Government at Dairen, which is the largest export point of the beans in that country.

If the importer hopes to continue to secure soya beans and soya-bean oil from Manchuria at prices by which they can compete with Europeans, they must use the same kind of buying methods, they must use the comprador system. They must have their machinery reaching back into the country districts. They can not afford any longer to continue to buy oil at the speculative prices which are named on the Dairen exchange or with the vast costs that come between that and the original producers of the product when they buy c. i. f. at Seattle or San Francisco.

I wish to quote at this time a paragraph from a memorandum given to me in 1918 by Baron Takaki, of the third tier of families in the Mitsui Bussan Kaisha, at one time in charge of the New York office. He is now dead.

In this paragraph he said [reading]:

The coconut oil produced in Japan is principally destined for Europe, Asiatic Russia, and America, but owing to the present scarcity of space and the difficulties of agreements on prices, the export outlook at present is not very hopeful. Russia being in a state of turmoil, transportation facilities are badly interrupted and trade is almost suspended; consequently practically all the exports of coconut oil to-day are made to America.

During this period America furnished the principal market for these products, yet these gentlemen come into the country with their propaganda and say that since the emergency tariff has been put on the coming back of the European buyers has had the effect of lowering the prices of these oils over in the Orient. We maintain that the world-wide economic conditions are more responsible than you could possibly hope or expect the emergency tariff to be.

I wish, also, to read you one paragraph from a statement which was given to me by Consul Williamson in 1918.

Senator JONES. Let me see if I understand your argument. Do you mean to say that the American market for the soya bean and those oils has not been interfered with by the emergency tariff?

Mr. HOLMAN. No, sir. I did not quite intend to say that, Senator. I do say this: That the coming back into the market of twenty some odd countries that formerly were shut off during the war from this source has brought in extra competition with America to secure these oils.

I said also that the superior buying powers of some of the countries enables them to purchase these oils cheaper than American concerns can now do, and that if the American concerns used efficiency methods they could buy these oils and the beans at prices which would enable them to pay the tariff rate of 4 cents on oil which we are taking.

Senator JONES. Is it not your purpose to keep them out of the American market?

Mr. HOLMAN. We are hoping to do so.

Senator JONES. Apparently you are arguing to the opposite conclusion.

Mr. HOLMAN. I have no confidence in the American business men having the patience to use the British and the Danish methods of buying.

Mr. KIRBY. May I just interrupt for a moment? You gentlemen do not understand each other, because Mr. Holman is answering the argument which has not been submitted to you, but which has been broadcasted very widely among the parties interested in the vegetable-oil industry to the effect that but for the emergency tariff we would be enjoying a tremendous business to-day in oriental oils, the effect of which would be to put up the price of cotton seed in this country.

Mr. HOLMAN. I am trying to show that the superior purchasing power of these other nations caused them to get this oil at those points, and that they would have gotten it anyway even under free trade.

Senator JONES. This country has exported that oil and other oils in competition here?

Mr. HOLMAN. Yes, sir.

Senator JONES. And the other day we had some gentleman here—I forget his name—who tried to convince us that the tariff had a very deleterious effect on the industry and that it was interfering with the cottonseed-oil industry.

Mr. HOLMAN. I am not advised of just what the gentleman said.

Senator JONES. I just inquired awhile ago—

A VOICE. He is right here, if he is wanted.

Senator JONES. That is the gentleman over there to whom I refer.

Mr. HOLMAN. I have no doubt that the refiners might desire to show that they are buying down in that way. It is natural to assume that if you put up a 2-cent wall it interferes.

Senator JONES. His contention went further than that; that it interfered with the American foreign market for the American product, if I remember what his testimony was.

Mr. HOLMAN. My contention is, gentlemen, that the United States being normally on a surplus basis so far as the aggregation of oils and fats is concerned, it is not necessary to go to the Orient for supplies which come in directly in competition with our domestic-grown supplies for that purpose. The domestic-grown supplies for that purpose—the soil-bean oil comes into direct competition with the cottonseed oil; soy-bean cake comes into direct competition with cottonseed cake. The interchangeableness of these various oils makes them a very subtle subject to handle, and you must remember that when you speak of soy-bean oil that it has the manufacturing possibility of being utilized in many ways as a substitute for linseed oil and for cottonseed oil; it goes into other products such as were formerly supplied by coconut oil or peanut oil.

There is a great interchangeability in the oils, and it seems hardly reasonable that the group of our organizations—the farmers' union, for example, who represent a large percentage of the cotton producers, at least the organized ones—should encourage large refining and importing houses to bring in an oil which directly competes with the cottonseed oil.

If I may continue, I wish to quote a paragraph from this document which was handed me by Consul Williamson, then at Dairen, in regard to the wages of workmen in a large Japanese-controlled mill at that point. It says [reading]:

The workmen employed by the mill numbers 64, consisting of 24 Japanese, who were all skilled operatives, and 40 Chinese, of whom half were employed in the mill while the other half are employed outside in labor such as the transfer of beans from railway tracks to the silo. None of the Chinese are used for anything but purely manual labor. They receive wages running from 60 sen to 27 sen per diem.

The exchange value of the yen at that time on United States gold drafts which I cashed was about 51 sen to the dollar. The official rate was 49.60. [Reading resumed.]

The highest-paid Japanese receives 2 yen a day and the lowest 80 sen. The numbers given above do not include the small office and laboratory staff of six or eight Japanese.

I asked a gentleman who was in the audience to give me a memorandum of the wages paid in his mill at Dallas, Tex., in 1918 and 1921. He informed me that in 1918 pan shovers were receiving \$3.50 per day; in 1919, \$5.50; and in 1921, \$3.50.

In the linter room the workers were receiving \$3 in 1918, \$4.75 in 1919, and \$3 in 1921.

Ordinary labor was receiving \$2.50 in 1918, \$3.50 in 1919, and \$2.50 in 1921.

A comparison of those prices showed a difference in the labor charges for crushing the produce in Dairen as compared with Dallas, Tex., in those particular years.

I am not surprised that American capital is now longing to establish soya-bean oil mills in the Orient.

The acre yield in Manchuria is about 15 bushels to the acre, a bushel weighing 60 pounds, or about 900 pounds to the acre.

Mr. Chairman, I am going to conclude by saying that this question must be judged in its very broadest aspects. It seems to me that it is a question of whether several million farmers shall be protected or whether several hundred importers and refiners shall be protected. We believe that the soap men will receive adequate protection under the drawback clause, if they arrange their bookkeeping to keep the accounting.

As the Manchurian industry begins to develop, machinery as well as hand labor, you will find these Chinese workmen having their labor multiplied eight or nine or ten times and their wage costs not rising in proportion.

As the transportation of the products begins to use the tank steamer instead of the present expensive method of shipping to various parts of the world, you will find these products laid down even cheaper in America and in Europe.

I have here a picture of the first tank steamer that ever—and, I believe, the only one—left Dairen. That vessel was commandeered during the war. It was the steamer *Astral*, of the Standard Oil Co., and was loaded by Mitsui & Co. for shipment to this country. It took 165 hours to load that vessel by the primitive methods they had. Of course, if they put in proper pumping apparatus they will be able to do it in a much shorter space of time, and we sincerely hope

that, so far as vegetable oils are concerned, that this committee will hear the voice of the American farmers, who are a unit, so far as I understand, on this question, and are agreed as to the rates I have presented before you.

STATEMENT OF P. S. GROGAN, REPRESENTING INTERSTATE COTTONSEED CRUSHERS' ASSOCIATION, CORPUS CHRISTI, TEX.

Mr. GROGAN. Mr. Chairman and gentlemen, as president of the Interstate Cottonseed Crushers' Association, with a membership of about 400 of the 500 crude cotton-oil mills now operating and reporting to the Government, we, at the beginning of the spring, were very much interested in a tariff and thought that we needed it very much. We have had the tariff for some months and our business has been so affected that our exports have declined to almost nothing.

There has in the last month been a great demand on the part of the crude millmen and others engaged in the business for a conference to see whether or not the tariff was satisfactory. In answer to this demand I called a meeting of the Interstate Cottonseed Crushers' Association, and we now have the honor, as a committee of the Interstate Cottonseed Crushers' Association to present for your consideration the following resolution adopted at a regularly called meeting of the association in the city designated as its principal place of business in its corporate charter, namely, New Orleans, La., on January 4, 1922 [reading] :

Resolved, That we are opposed to a tariff on foreign vegetable oils and seeds in the permanent tariff bill, believing that such a tariff would prove a detriment to the farmer and our industry.

And be it further resolved, That our officers, either directly or through an appropriate committee, present to Congress our resolutions and advocate legislation accordingly.

In accordance with the last paragraph this committee, which I head, was appointed.

The cottonseed industries of the country consist of many branches, divisions, and ramifications. Our products feed your beef and dairy cattle on which you are so dependent; at every meal you yourself eat our shortenings. In your homes you use soaps in your kitchens and in your baths made from the "foots" or residue of refined cottonseed oil. You ride in automobiles the tops and upholsteries of which are made from linters. These same linters were the basis of American explosives that won the war.

I merely wish to emphasize the importance and magnitude of the industry we represent.

Beginning with the lowly cotton seed, which, in the memory of you gentlemen, was a costly nuisance, we have developed it into a thousand products, the most important of which is cottonseed oil and the products made therefrom. We have created a world-wide demand for these products, and we have come to pay the southern farmer in some years the enormous sum of \$350,000,000 for his seed. So you can see that our industry is one that deserves recognition.

This industry is nationally represented by the Interstate Cottonseed Crushers' Association, which comprises the majority of the crude-oil crushing establishments in every Southern State, over 400 out of the 500 running and reporting this season, besides which there is affli-

ated with us the refining and various other marketing and by-products concerns.

This is the only national organization of the cottonseed crushers of the United States. We believe, it having developed the industry, that you can depend on us to know, at least, collectively as much of the cottonseed business and our needs as any one else.

After the opening remarks, pointing out to you the importance of our industry, I want to add that while I am, the president of the association represented, and as such head the delegation, I have delegated to two of the member of the committee to speak to you more fully on our subject, each on a different phase of our problems. We have concentrated ourselves down to these two addresses in order to take very little of your time, gentlemen, and I will ask you to now hear Mr. Crow.

Senator McCUMBER. I think the committee will have to determine who will be heard and who will not be heard. We have given notice over and over again; first, that we wanted to get through this afternoon; and then, again, we have to leave the Senate Chamber to come over here and get through this afternoon, and it is my desire to get through.

Mr. GROGAN. I would like to have Mr. Crow present those reasons.

Mr. CROW. There have been arguments made and I would like to reply to them.

Senator McCUMBER. Very well. We will hear Mr. Crow briefly.

STATEMENT OF R. F. CROW, REPRESENTING INTERSTATE COTTON-SEED CRUSHERS' ASSOCIATION, HOUSTON, TEX.

Mr. CROW. We have the honor as the representative of the official organization of the cottonseed crushers of the South and all component elements of the cottonseed industry to petition you that all so-called protective duties on the oleaginous materials—foreign vegetable and animal oils, oil seeds—as embodied in paragraphs 49 and 50, Schedule 1, and paragraphs 1620 and 1626 of the free list of H. R. 7456, be eliminated from the permanent tariff bill as finally drawn, and especially the articles of soya-bean oil, peanut oil, cottonseed oil, coconut oil, palm oil, and palm-kernel oil, sesame oil, copra, soya beans, peanuts, and palm kernels.

This action is made necessary by the fact that cottonseed oil is produced in such volume within the cottonseed-producing States of the South that it is a prime essential that an export market at reasonable and competitive prices be assured and available for the normal exportable surplus of cottonseed oil produced. Unless such an export market at reasonable and competitive prices be assured, we shall be unable to pay the cotton farmer a reasonable and competitive price for his cotton seed.

The production of crude cottonseed oil, the product of cotton seed, varies with the production of cotton, seasonal conditions which influence the oil content of the seed and conditions governing the quantity of seed crushed in proportion to the quantity of seed produced.

While the southern farmer is primarily interested in getting a reasonable and competitive price for his seed, our whole industry is equally interested in obtaining for him such a price, because unless he obtains such price for his product a great deal of the seed pro-

duction will be wasted by being thrown on the ground instead of being marketed to the oil mills in the South. And to emphasize my point, I should like to say that the quantity of seed coming to the mills to be crushed varies from 63 to 85 per cent, according to the price we are able to pay the farmer for his seed. Therefore, we are manifestly vitally interested in paying the farmer highest prices for cotton seed. The higher the price of seed paid the southern farmer, the larger will be the amount of seed available to be crushed by our crude mills, and therefore our interests and those of the southern farmer are identical in that we both desire a reasonably high and competitive price for cotton seed.

The production of crude cottonseed oil will range from 1,200,000,000 pounds annually to 1,800,000,000 pounds under normal or approximately normal conditions.

In due proportion to the amount of cotton oil produced is the amount which must be exported, and the exportable surplus which must find sale in the export markets of the world ranges from 10 per cent to 25 per cent, dependent upon conditions as before named.

Despite the fact that the cotton crop of 1921 does not far exceed 8,000,000 bales, we find that even with a production of oil from the quantity of seed procured from this yield of cotton that an export market is required to relieve the domestic market.

The Interstate Cotton Seed Crushers' Association has never before declared itself on the subject of the Fordney tariff. Confronted now with the imminent probability of the entire loss of our European export markets due to the peculiar position in which the cottonseed industry is placed by duties embodied in the emergency tariff as signed by the President in May, 1921, we ask that in considering the case of cottonseed oil in connection with the permanent tariff that no duties be levied upon foreign vegetable oils and oil seeds, and especially those I have previously enumerated.

Senator JONES. This afternoon, we had one witness, a man who was speaking for the farmers, a man who produced cotton seed, insisting for a tariff on these various things. Do you represent the cotton grower in any way?

Mr. CROW. Only in so far as the continuance of our business is wrapped up and dependent on the southern farmer receiving a satisfactory price for his seed. If he does not get a satisfactory price for his seed, it does not come to us for manufacturing purposes. The entire amount of cotton seed, out of a 4,000,000-bale cotton crop in Texas can be crushed by our Texas mills in 80 days. If our supply of seed is reduced by reason of an unsatisfactory price paid to the farmer, our days of operation would be shortened and we would be unable to make our business profitable. Therefore, our interest lies in paying the farmer the highest possible price for his cotton seed.

Senator JONES. Then it is your opinion that the cotton grower will be absolutely benefited by not having any tariff on those products?

Mr. CROW. Unquestionably.

Senator McCUMBER. Keeping mills going with imported cotton seed?

Mr. CROW. No, sir. There is no cotton seed imported. I am merely speaking of keeping our mills going on domestic cotton seed.

Senator McCUMBER. How are you affected by it, then?

Mr. CROW. In this way: Cotton seed is used on the farm both for fertilizer and for feed. If we are not able to pay to the farmer a satisfactory price for his cotton seed, it remains on the farm and we are unable to get it for manufacturing purposes. The cotton seed itself comes in competition with one of our prime products, cottonseed meal, both as a feed and as a fertilizer.

Senator McCUMBER. I am trying to find out how free trade will help you raise the farmer's price.

Mr. CROW. For this reason, gentlemen, if you will allow me to answer that question: Because it gives a world-wide market for our oil on a higher-price basis, and therefore we are able to pay the farmer a higher price for his seed.

Senator McCUMBER. That is, you think you will get a better price for your exported oil?

Mr. CROW. Yes, sir.

Senator McCUMBER. Why will you get a better price in the foreign exporting countries for your cottonseed oil if you have free importations of these other oils?

Mr. CROW. Because in the final analysis our cottonseed oil has to come in competition with the world supply of fats in the markets of the world.

Senator McCUMBER. Then you have got to reduce them down low; to buy so you can sell low enough to compete in the foreign markets?

Mr. CROW. No, sir; the condition is the reverse. When you take American buyers out of oriental markets, you take one of the strongest buying powers out. Therefore Europe is able to buy to better advantage and does do it.

Senator McCUMBER. I may be a little dull, but I can not quite understand yet why it is that the cotton grower will be benefited by free trade. I possibly do not follow you.

Mr. CROW. Probably I did not understand your question. As to free trade on cottonseed oil, if I go on with my argument, you will see that in bringing oriental oils into America we are taking away from the European markets a certain amount of lower-grade oils which, when brought into this country, are used for technical and industrial purposes, such as varnishes and paints and other manufacturing products.

Senator McCUMBER. Then, you want them to compete with the flaxseed grower in the Northwest, do you, so that you can operate better in your section of the country?

Mr. CROW. No, sir; their use in competition with linseed oil is only a very small factor, the bulk of them is used by the soap makers. You asked me how I thought the price of cotton seed would be increased to the cotton farmer, and I gave you my answer that it is our belief that these foreign oils will be taken out of edible-oil channels and taken into industrial inedible channels of usage.

Senator McCUMBER. I think I understand you.

Mr. CROW. When the emergency tariff was first discussed in January, 1921, the records of commerce revealed that we exported in the month of January, of cottonseed oil, over 60,000,000 pounds to the countries of Europe. Six months after the passage of the emergency act we find our exports to Europe reduced to somewhere between

5,000,000 and 10,000,000 pounds monthly. During those six months some oil went out sold to Europe before the passage of the emergency tariff, but from now on we have no such sales to rely on, and we are confronted with the stern realities. The reason for the falling off in the export demand is not a lesser demand in Europe, but because the European buyer has turned away from our cottonseed oil and is buying instead and is importing instead millions of pounds of competitive oils and oleaginous materials, especially from the Orient—oils and materials which previously to the passage of the emergency tariff used to find their way in a large degree into American industrial channels, and which Europe now, in the absence of competition from America, obtains at her own prices.

Under normal conditions of trade, such as existed prior to the emergency tariff act, such purchases as America made in the primary markets of other parts of the world wherein oleaginous materials were produced, insured a degree of competition which kept the markets in those quarters of the world up to a point where prices were comparable with American cottonseed oil. Consequently, when European buyers came into the market they found in all quarters of the world an international scale of prices prevailing. American buyers and European buyers competed on equal basis in all markets.

With the passage of the American tariff, however, American buying competition was automatically shut off in the markets of the Orient from whence come soya-bean oil and peanut oil, and from the markets of Ceylon, Java, and other quarters from whence come coconut oil. These primary markets were then left in the position of having only one customer, considering the buying power of Europe collectively. Their second great customer, America, considering the buying power of America collectively, was forced to abstain from buying in their markets. Your records will show that the duties levied by the emergency tariff have acted as an absolute embargo, and has not yielded the Government of the United States any revenue.

The great vegetable-oil industries of Europe have lately become very much concentrated, and they now, in the absence of any anti-trust law, can clearly proceed in well-defined concert in the purchase of oleaginous materials and vegetable oils in the markets of the world. They ask nothing better than that America should, of its own volition, deprive itself of purchasing competitively in the oils and fats markets of the world, because such action left the vegetable-oil markets of the Orient and Java and Ceylon at the mercy of a single buyer, with America without any means of protecting itself against this form of commercial monopolistic enterprise.

Controlling as it does within its borders the greatest reservoir of fats and oils on the globe, a total production of over 6,000,000,000 pounds annually, America sits in a dominant position in the fats and oils markets of the world, providing that her intercourse with other competing primary markets is not restricted by artificial means.

In addition to our annual average production of 1,500,000,000 pounds cottonseed oil, we produce in America over 1,900,000,000 pounds of hog lard; and these two together form the keys to one of our oils and fats markets. From 10 per cent to 25 per cent of our

cottonseed-oil production is normally exported to Europe as cottonseed oil. The largest proportion of the balance is manufactured into lard substitute and sold in this country.

These sales of lard substitutes in this country release for export almost a billion pounds of lard annually, and it is, therefore, apparent that we are dependent in the marketing of our products not only on Europe directly for the amount of cotton oil that she takes from us normally, but also indirectly for a further quantity only slightly below 1,000,000,000 pounds that she buys from this country in shape of hog lard. This country exports over 60 per cent of its hog-lard production.

Hog lard and lard substitute—so-called hogless lard—made from cottonseed oil, are in their uses in this country absolutely interchangeable. The price of one varies with the price of the other one, and we are, therefore, materially interested in the price of lard, and we are materially interested in a reasonable and competitive price for lard, in Europe as well as here, which will enable us to market our product at a proportionate level.

The price of lard in Europe is governed by the price at which Europe can procure competing oleaginous materials and vegetable oils. If Europe, therefore, has unhindered access to the vegetable oils and oil-seed markets of the world, with an absolute buying monopoly, to the exclusion of American buyers, not only is the price of cottonseed oil thus forced down and the exportable surplus forced to drag on the domestic market, but the price of lard is also forced down by the European buyer's ability to practically dictate the price at which he will purchase.

Any condition which throws an excess of cottonseed oil upon our domestic market will further in its turn in time depress the price of lard, and, conversely, any condition which throws an excess of lard upon the domestic market will very quickly depress the price of cottonseed oil.

Not only, therefore, is the great cottonseed-oil industry affected in this situation, but the whole structure of the fats and oils markets of America is adversely influenced, and with it, owing to the natural interlocking of interests which exists, the welfare of that part of American agriculture concerned in the production of materials of oleaginous nature is similarly influenced.

The price of all other domestic vegetable oils, such as peanut oil, is governed by the price of cottonseed oil. For all practical purposes, therefore, all of these oils may be considered as being in the same category, except as to peanuts in the shell for shelling purposes and for use in the confectionery trade. As far as peanuts for this use is concerned, we have no desire to ask for their free entry into America.

There has been no discussion before your honorable committee on the subject of a tariff in its relation to lard. We have not heard that the producers of lard felt that a tariff in any way concerned their industry. The interest of the cottonseed industry is only an indirect one, and we have discussed the matter solely with the idea of pointing out to your honorably committee the underlying economic factors which govern the fats and oils markets of America. We do not know if the producers of lard have given the matter as

close study as we have, but if they do they would find that their interests are identical with ours, and if they are desirous of getting a reasonable and competitive price for their product it is equally important to them that the control of foreign vegetable oils and oil seeds, and the control of the price of same, be not vested in the European buyer.

Should the present state of affairs continue and we be deprived of the market for our cottonseed oil in edible channels in Europe, the exportable surplus of cottonseed oil in America would be permanently thrown back upon the domestic market, and only one outlet could be found for it. This would be the soap kettle, and cotton oil in the soap kettle would be an economic disaster to the cotton farmer and the cottonseed-oil industry. Twenty years ago cottonseed oil was used largely in the soap kettle, because it was thought to be fit for no other purpose. Modern refining skill, coupled with a demand for it for edible purposes from European sources has made cotton oil the premier of edible oils and placed it in its present high position which would give a correspondingly high price except for the emergency tariff.

The retrograding of cotton oil to the soap kettle would not alone be a matter of debasement of cotton oil in respect to its usage but a lower scale of prices would be inaugurated. This is the economic disaster which we, as the representative organization of the cottonseed crushers' industry, must face, if our export markets are permanently lost to us.

All of you gentlemen may not be as familiar with cotton as we in the South are, but we think you will have no trouble understanding the situation created for us by the tariff if we talk in terms of cotton. Cotton is sold as basis middling, and that means that the higher grade of cotton gets so much premium and the low middling is so much down. Now, the oil situation is much like that. You have your general fat basis. Now, if you have a free and uninterrupted field for the disposition of your fats, your premier oil, which is cotton oil, will go into the highest paying fields and will bring so much premium upon the general basis. Your oriental soya-bean oil will bring so much discount. With a tariff you not only depress the entire general fat basis price, but in addition to that you depress our primary fat, our cotton oil, down to middling basis; so we lose the premium, and to a certain extent you raise the low-grade soya-bean oil up by forcing it into edible channels in Europe which should be occupied by cotton oil. Apart from the loss in value to the general fat market basis, we lose 1 cent to 1½ cents per pound premium that our cotton oil should get in a normal market.

Instead of forcing our high-grade edible oils into low-grade industrial uses by the adoption of a tariff on oriental oils and oil seeds, we should permit them to enter into our country and find their use where they belong, namely, in industrial channels very largely represented by the soap, paint, varnish, rubber substitute, printers' ink, core oil, and lubricating oil trades, and to a smaller extent a less discriminating edible oil trade, and we are thus not afraid of their competition with our oils. They should not, through the enactment of a tariff in America which constitutes an embargo, be forced into

Europe in competition in edible channels with our high-grade cotton oils and lard. Through bitter experience we have learned that the European palate is less prone to discriminate than the American, and if the Europeans can secure the foreign vegetable oils at the low prices guaranteed them by the enforced absence of American buying competition under emergency tariff restrictions, then they will use such foreign vegetable oils even for edible purposes, and in fact they are now buying them to the exclusion of our cottonseed oil. It is this artificial condition from which we urgently ask relief.

Competition with oriental oils and oil seeds is a matter beyond our control. It is not a case of whether we want this competition or not. It is a competition that we must have, and we can not side-step it by tariff barriers, because on account of our tremendous production of fats and oils and our exportable surplus we must meet it in Europe if not here. Under the circumstances we are better off without any barriers to the end that we can come to grips with this competition with more concise knowledge of its nature and extent, and can guide it along a course which will result in the enlargement of the American industry and to the profit of American labor; and at the same time through the control thus gained of what otherwise would be dangerous competition, reduce the element of competition with our cottonseed oil to a minimum degree.

We know that the foreign vegetable oils which are normally imported in America are used very largely for industrial purposes such as soap making, with only a small portion used for cheap edible purposes. This is clearly set forth in Government bulletins which record consumption by industries. We also know from Government bulletins that large quantities of these foreign oils, such as soya-bean oil and coconut oil, imported into this country ordinarily are refined and reexported—a trade which has been monopolized by European competitors since the passage of the emergency bill. Notwithstanding the draw back provision, it has become impossible and impracticable for our refiners to handle this transit trade since the passage of the emergency bill.

We therefore earnestly petition your honorable committee to place the cottonseed oil industry back upon an international basis, under which basis it has grown to its present great strength. Previously—some 40 years ago, a waste product—cotton seed and cottonseed oil has, under such conditions, in competition with all the world, grown to be one of the largest factors in our country, and we petition you gentlemen not to down it and put it back again through artificial means, through a tariff, which, while it is supposed to be for our protection, is in reality a calamity for us and the cotton farmer.

We therefore petition for the foregoing reasons that no duties be levied on foreign vegetable oils or oil seeds, and we make no exception other than linseed oil, which is not interchangeable with cottonseed oil, being an inedible drying oil. This, however, is of no direct concern to us, we merely mentioning this oil as it is the only other domestic oil, other than olive oil, which cottonseed oil does not regulate in price. As for olive oil, we are interested in that oil only to the extent that the tariff-making bodies do not write into our permanent tariff such high duties on Italian and French olive oil as to cause Italy and France to persist in their policy of retaliation against

American cottonseed oil by doubling and trebling the duty on our cotton oil, as has happened in the past six months—a retaliation which has cost us practically every pound of our cottonseed oil business with Italy and France.

A reasonable duty on olive oil will insure a reasonable duty on American cotton oil into Italy and France.

STATEMENT OF J. J. LAWTON, REPRESENTING INTERSTATE COTTONSEED CRUSHERS' ASSOCIATION, HARTSVILLE, S. C.

Mr. LAWTON. Gentlemen, I want you to look at me, because I do not think you have seen a farmer here this afternoon, and I want you to look me over and see the appearance of a real farmer.

I will not take over five minutes of your time. What I am going to say is going to be said very briefly, and I hope you will just indulge me five minutes. I know you gentlemen are tired and worn out and you do not want to hear anybody, but I trust you will hear me for a few minutes.

I want to say in opening that while a member of the Interstate Cotton Seed Crushers' Association and ex-president of that association, that I was raised on a farm and the first 20 years of my business life was passed on the farm, working from daylight until 11 o'clock at night. I know the farming game and I feel that I am competent to speak for the southern farmer.

Gentlemen, we are unalterably opposed to any tariff being put on cotton oil, and we have a few reasons for it, and I am going to state those reasons very briefly.

Senator JONES. Do you include the other vegetable oils also?

Mr. LAWTON. Yes, sir; we include the other vegetable oils also. The first reason is this: That we of the South produce 47 per cent of all the fats that are produced in the United States—and when I say “we of the South” I mean we people who raise cotton seed—that every bit of the fats that are raised in the United States, to the extent of 47 per cent, come from the cotton seed. That is a pretty big figure, and so I want to show you how big it is.

That means that in 1920 we raised in the South 1,141,390,000 pounds of refined cottonseed oil. If you should put 20,000 pounds of that oil in a car it would take 57,069 box cars to carry it or it would make a railroad train 462 miles long. The reason that I am putting it to you that way is that I want you gentlemen of the committee who have been worried and distressed here with figures that do not amount to anything to just remember the magnitude of our business, that it took that many box cars to carry it.

So we feel on account of the magnitude of our business we have a right to be heard before you gentlemen of this committee.

The second point I want to make is this, that we produce more cottonseed oil in the United States than this country can consume, and, consequently, we have got to get an export market for it or it is simply going to back up on the farm. That is something that all of you gentlemen know, but I want to give you a practical illustration of how that thing has worked in the past.

During the late war the cotton-oil people, because they made a food, were bossed by Mr. Hoover, and because they made linters, out of which guncotton was made, which the Government used in

order to shoot the Germans, we were put under Mr. Baruch, of the War Industries Board, and we were told exactly what to do. We were tied fast and hard; we were hog tied, if you please. Those men told us what we should pay the farmer for seed and they told us what we should charge for every product we made—our cotton oil, our cottonseed meal, our linters, and our hulls were all priced by the Government.

Senator SMOOT. Cotton was not.

Mr. LAWTON. We had nothing to do with cotton; these four products are made out of cottonseed.

Senator JONES. They priced cottonseed meal pretty high?

Mr. LAWTON. They priced it away up—the seed high, meal, linters, and hulls high—too high.

The Government sent its paid men all over the South and told the farmers, "We are going to take all of your seed at these named prices"; and they held meetings everywhere and told the farmers that, and they told us we must pay the cottonseed farmer that much for his seed, and if we failed to do it we would be jacked up by Mr. Hoover; and we did it. What happened? As soon as the armistice came all the foreign demand for oil fell off. The compound lard makers and the refiners could not sell their oil. They then refused to buy the crude oil from the crude mills—I am in the crude mill business; we in turn refused to buy seed from the farmer, because we could not handle it. We had large houses filled with seed and great tanks filled with oil, and we could not get rid of the oil, and we did not have the money to pay the farmer for his seed. What happened? They held indignation meetings all over the South and condemned the oil mills and this Government of ours because we did not take their seed. And they had good grounds for it, because the Government had promised to take every seed that they raised.

We did not have any export market, and therefore the thing backed up all the way back on the farmer. We do not want anything like that to occur again. We have tried this Fordney tariff emergency bill for a few months, and oil has been going down steadily ever since it started. We do not want any tariff on oil. We want to have an open market for it, so that if America does not need it, maybe Europe will need it. We do not want to be hampered here by a tariff wall—to make our product and then not be able to get any market for it.

In rough figures, including lard and oil, we made last year, 1920, 6,000,000 barrels of fats in the United States; we consumed 4,000,000 barrels of those fats, and we exported 2,000,000 barrels; in other words, one-third of all the fats made in the United States were exported. Gentlemen, if you back those fats back on us we are going to be in trouble.

Third, and the last point I want to make, is this: That down South there are three crops that a farmer can get advances on: Cotton seed is one of them. The banks regard cotton seed as just as good a commodity to take security on as cotton, and if you put on a tariff, and this seed backs up on the farmer so that he can not use it as security, you have impaired his credit, and I am here to tell you gentlemen of this committee that the agricultural interests of the South are in the worst conditions I have ever known them to be, and I have been in

business 40 years, as a merchant and as a manufacturer; and I am also going to tell you that I do not know how a great many of our farmers are going to get through this next year in the South. They do not need a restricted market; they do not need a market where they can not sell their goods. But they want a place where they can dispose of their output. It may not bring so much, but they want to be able to sell it. If you have something which you can not sell, for which there is no market, what good does it do you? And that is the position that we are in to-day. We do not want any tariff on foreign vegetable oils. We want to be able to sell it in the markets of the world and take our chances on what it will bring.

I am going to tell you one little story.

Senator FRELINGHUYSEN. May I ask you a question?

Mr. LAWTON. Yes, sir.

Senator FRELINGHUYSEN. By "crushers," do you mean the cottonseed oil mills?

Mr. LAWTON. Yes, sir.

Senator FRELINGHUYSEN. Was the American Cotton Seed Oil Co. included in that?

Mr. LAWTON. The American Cotton Oil Co.?

Senator FRELINGHUYSEN. Yes; and the Southern Cotton Oil Co.?

Mr. LAWTON. Yes, sir. The Southern Cotton Oil Co., also.

Senator FRELINGHUYSEN. And the independents.

Mr. LAWTON. Yes, sir; about 600 mills in all.

Senator FRELINGHUYSEN. They have had plenty of seed this year, have they not?

Mr. LAWTON. No; a very limited quantity. You see, we have not made but about 8,000,000 bales of cotton.

Senator FRELINGHUYSEN. What kind of a year did you have?

Mr. LAWTON. A pretty bad year.

Senator FRELINGHUYSEN. You have not made a profit?

Mr. LAWTON. We have not made a profit.

Senator FRELINGHUYSEN. And you are a manufacturer of cottonseed oil?

Mr. LAWTON. I am a manufacturer of crude cottonseed oil.

Senator FRELINGHUYSEN. You are not a farmer now?

Mr. LAWTON. I am a farmer now, a very large farmer.

Senator FRELINGHUYSEN. And a cottonseed-oil manufacturer?

Mr. LAWTON. A cottonseed-oil manufacturer and a merchant.

I want to say, gentlemen, that I have got five or six times as much money invested in the farming business as I have in the cottonseed-oil or any other business.

Senator FRELINGHUYSEN. Have the cottonseed-oil mills paid a dividend this year?

Mr. LAWTON. I have not heard of one that did anything like that; and if it came to a choice between the farm and the cottonseed-oil business, I would vote for the farming interests every time, as I have placed my money in it, and even from a selfish interest, if I had no other, it would pay me to vote for the farmers' seed rather than the oil-mill seed. That is the way we stand on that.

But we just feel, after thinking it all over, that we want an open market; that we want no tariff on it.

I am going to tell you a story, and then I am through. There was an old Negro man in one of our near-by towns named Jerry; and

Jerry had by great care and economy saved about \$100, which he had deposited in his local bank. Some time ago that bank failed, and one of his good white friends, knowing old man Jerry pretty well, went to him and said, "Uncle Jerry, I heard about your losing that money in the bank the other day, that \$100. I am mighty sorry to hear about it. You know, it takes a real man to be a good loser. Any of us can stand prosperity, but it takes a real, red-blooded man to lose money and not cry about it, and I am glad to know that you are a sport and that you are standing your loss like a man."

Old Jerry thought a minute, and then this is what he said: "Master Tom, I is mighty obleeged to you for your kind words about losing that money, but let me tell you the fact. I have been hearing about these banks busting over yonder and busting over here and busting everywhere, but, Master Tom, befo God, this is the first time I ever had a bank to bust in my face." [Laughter.]

Gentlemen, we do not want this tariff to "bust in our faces."

The CHAIRMAN. We are very much obliged to you.

**STATEMENT OF J. W. L. HALL, NEW BOSTON, TEX., REPRESENTING
VARIOUS COTTON ASSOCIATIONS.**

Mr. HALL. Mr. Chairman, I am here representing the Farm Bureau Cotton Association of Texas; the Oklahoma Cotton Association, of Oklahoma; the Arkansas Cotton Association, of Arkansas; and the Arizona Cotton Association and the Mississippi Cotton Association and the American Cotton Exchange.

I want to say in the beginning that I am not a student of tariffs, and I have not got a great, long document to offer. But our representatives have carefully prepared and placed in your hands a document that thoroughly represents our views in reference to the tariff on vegetable oils; and Mr. Gray Silver, of this city, has prepared that brief, and this committee has it in their hands, and I am here representing something like 60,000 to 75,000 farmers through these different organizations; and all that I have to say to you gentlemen is that you carefully consider our request as set forth in this brief and give us such tariff protection as, in your minds, will best protect the producer and the interests of the general public.

I thank you very kindly.

CHLORATE OF POTASH.

[Paragraph 75.]

**BRIEF OF HARRY W. KELLOGG, GENERAL MANAGER OF THE
NATIONAL ELECTROLYTIC CO., NIAGARA FALLS, N. Y.**

Paragraph 75 of House bill 7456 fixes the duty on chlorate of potash at 1 cent per pound and 15 per cent ad valorem. This ad valorem duty is for five years and is intended to compensate for a duty placed on muriate of potash, which is our raw material. This duty on our raw material will, of course, prevent our doing any export business, but we would be unable to do any export business anyway, in competition with foreign producers, on account of cost of raw material and exchange.

In the 1909 tariff there was a duty on chlorate of potash of 2 cents per pound. Prior to that time there was a duty of 2½ cents per pound. The 1913 tariff fixed the duty at one-half cent per pound, due to a misunderstanding in the committee regarding statements made by letter addressed to the committee which did not refer in the slightest manner to the chlorate manufacturers and which statements were unknown to us until

too late for correction. That such tariff did not affect us injuriously was due to the fact that sufficient time did not elapse between its enactment and the World War and, further, that Germany at that time was not a factor in the manufacture of chlorate.

During the war Germany was unable to get nitrates for explosives and turned to chlorate, and at the close of the war had capacity to manufacture 24,000 tons per annum, as against 8,000 to 10,000 tons in this country, and at present Germany is supplying practically all the needs of this country at considerably less than our cost of production. German chlorate is being sold to-day in New York at 5½ cents per pound. At present or even at prewar costs of labor and materials in this country it can not be manufactured here at 8 cents.

Prior to 1898 there was no chlorate manufactured in this country, all being imported from France, Sweden, and England, duty free. After securing protection through the tariff we started, in a small way, the first plant in this country to manufacture chlorate, which subsequently grew to large proportions, employing large capital. English manufacturers thereafter also established a branch of their factory here for the manufacture of chlorate, investing several million dollars and employing a large number of employees.

Chlorate is used chiefly in the making of matches. It is also used for fireworks, cartridge manufacturing, and in primers, detonators, and boosters for military purposes. It is also used in the dyeing of textiles and furs, for pharmaceutical and other purposes, and enters very largely in the manufacture of tooth paste.

During the late war we were called on by the Government to supply special grades of chlorate to the various arsenals, and we worked out special methods of purification of this article for particular purposes, also special grindings, and supplied chlorate to the different cartridge and explosive manufacturers. Nothing has ever been found to take the place of chlorate for these military purposes. Chlorate is a dangerous material to manufacture and handle. Being an oxygen carrier, it is a great aid to combustion. It requires many years experience to manufacture and handle this material safely. The tonnage required for military use is not large, but it is indispensable.

The Government worked out in our plant processes for the manufacture of chemicals for use in gas masks, using our cells and apparatus, which were particularly adapted to this purpose, and during the war our plant was subject to Government control, and we sold nothing except with their consent.

Germany has a particular advantage in making this article, as they mine the raw material in their country and sell it to their manufacturers at considerably less than they will sell it for shipment abroad.

The Diamond Match Co. have asked that the duty on chlorate shall be reduced, as they are importing German chlorate in large quantities, and will be able to do so if there is no substantial duty placed on it. At the same time they are asking for an increased duty on matches, while it is a known fact that the exports of matches since the war are seven to eight times as much as they were before the war, which shows that they are meeting competition abroad successfully.

A gentleman has also appeared before your committee, representing a company who manufactured chlorate, and has made a lot of statements which are generally untrue, and, at a time when the life of the industry in this country is threatened, has asked that the duty be taken off chlorate, which is rather an unusual request for a manufacturer to make, but this is accounted for by the fact that this factory is not operating and only operated during the war and can make more money importing German chlorate than they can by running their plant.

In the present tariff the duty was placed at 2 cents per pound by the Ways and Means Committee, but after the bill had been submitted to the House this duty was reduced by committee amendment to 1 cent per pound, the reason for which we do not know.

Our plant has been shut down since January 1 of last year, and certainly will never start up again with a 1 cent per pound duty on chlorate. We ask that this duty shall be placed at 2 cents per pound together with an ad valorem duty of 15 per cent or a specific duty of 3 cents per pound in addition to the temporary ad valorem duty of 15 per cent, which has been put on to compensate for the duty on muriate of potash.

It seems to us, apart from financial reasons, that this industry should not be allowed to die and make this country dependent on Germany, Japan, or any other foreign country for what is an absolute necessity in case of war.

CAUSTIC POTASH.

[Paragraph 75.]

BRIEF OF R. N. SHREVE, CHEMICAL DIRECTOR, EASTERN POTASH CORPORATION, NEW YORK CITY.

The Eastern Potash Corporation has a large plant nearing completion at New Brunswick, N. J., for the manufacture of various potash compounds out of New Jersey greensand. The capacity of the plant will be 20,000 tons of potash (K_2O) per year.

The raw material for the potash is greensand, which is a sandy bluish-green material occurring in enormous deposits extending from Atlantic Highlands southwesterly across the State of New Jersey and down into Delaware and Virginia. The better grades of greensand carry somewhat more than 7 per cent of potash (K_2O). In the annual report of the State geologist of New Jersey, on page 22, there appears under the heading of potash and referring to the greensand marls the following statement: "These marl deposits are calculated to contain enough potash to supply the needs of the United States for 1,000 years at the average rate of importation for the years 1910-1914."

The greensand is easily and cheaply mined and is already so finely divided that the process of grinding is very inexpensive, this being quite otherwise in case of rocks, such as feldspar, leucite, and the like, when used as the raw materials for potash.

The other main raw material is limestone, which is easily and cheaply obtained.

The process to be used at the plant now under construction has been successfully operated for several years at a small plant located in Jones Point, N. Y., where 10 tons of greensand per day were treated for the recovery of the potash.

This process is very simple and involves heating for one hour a mixture of 1 part of greensand with 1 part of quicklime and 5 parts of water at a temperature of $470^{\circ}F$. The lime liberates the potash in the form of caustic potash and leaves a valuable residue, out of which already have been made several million brick for use in the construction of the New Brunswick factory. This residue carries about the same amount of lime as does ordinary ground limestone, and it has been shown by the Agricultural Experiment Station of the State of New Jersey to be equally valuable with other forms of liming materials (on the basis of CaO content) for the liming of sour soils and for the consequent increase of the productivity of our farm lands.

Caustic potash will be the primary potash product, but this is readily and very economically converted into other potassium compounds. The company plans to make and market caustic potash, potassium nitrate, and potassium carbonate. The latter two are used in fertilizer, while caustic potash is employed in the manufacture of soaps, chemicals, and the like.

The Eastern Potash Corporation is an American-owned company, with \$2,500,000 preferred stock and \$5,000,000 common stock. No German plant capable of producing annually 20,000 tons of potash, as caustic potash, could have been constructed for \$7,500,000 even on a prewar basis.

The New Brunswick plant will employ about 300 men in the manufacture of potash and an equal number in the manufacture of the by-products. As the shipping and handling of the raw materials and the products will run into heavy tonnages, quite likely another 300 men will be needed, so that this new industry when established will give employment in new work to a thousand men.

Present market is even more unsettled than it was a year ago. During the past summer the Germans sold caustic potash in New York as low as 4 cents per pound, which price the domestic manufacturers were unable to meet. Before the war the Germans sold here in New York as low as $3\frac{1}{2}$ cents per pound. We all know that it costs even Germany more to manufacture than it did prior to the war, but she is enabled to make such a low price on caustic potash due to her depreciated currency. The only way we see to take care of this depreciated currency is to keep in the tariff bill the American-valuation scheme. The same is true of the other potassium compounds.

In the brief submitted to the Ways and Means Committee we showed a probable first cost of 10 cents per pound for caustic potash, decreasing as a market is developed for the by-products.

We feel that if the duties proposed in the House bill, together with the American-valuation scheme, be enacted into the law that we can establish this plant on a secure

commercial basis and thus supply to the American consumer at least a part of his potash made out of American raw materials by American labor. The House bill placed on caustic potash, potassium nitrate, and potassium carbonate an ad valorem duty of 25 per cent plus an additional 15 per cent over the next five years (par. 75) and a decreasing duty on crude potassium compounds (par. 1634). These duties will enable an American potash industry to compete and establish itself on the basis of gradually decreasing selling prices.

The low and fluctuating exchanges, together with the fact that our plant is not operating yet, make it difficult for us to present a clear-cut comparison between our conditions and those abroad.

The completion of our plant has been retarded by the delay in passing the tariff bill. We trust that the Senate will concur shortly in the action taken by the House.

NITRITE OF SODA.

[Paragraph 78.]

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. I have not my matters in such shape as I would like to have had them, but I think probably I can present them this morning. The clerk told me that you hoped to conclude the hearings today, and I did not want to ask you to put them over. In fact, I do not desire to take very much of your time. I desire more to call your attention to some particular things in connection with the record that is already made, with a view to presenting amendments on the floor of the Senate in case the committee does not cover the matters.

First, with reference to nitrite of soda, paragraph 78 of the House bill. The tariff on that commodity is 3 cents a pound in the bill, and there is a company in my State that thinks that the tariff ought to be 5 cents a pound. I have here a letter from Mr. C. F. Graff, president and general manager of the American Nitrogen Products Co., Seattle, Wash., explaining the necessity therefor and giving a circular that he received from representatives of some German producers, setting out how they could put this article into this country and, in his judgment, close our industry.

I do not think that Mr. Graff has appeared before this committee. I think, however, that he did appear before the House committee and that his testimony was taken. So all I shall ask with reference to that matter will be to put into the record this letter that he writes to me, together with his copy of a letter to the Peerless Color Co. (Inc.), with reference to nitrite of soda, so that it will be a part of your record.

Senator McCUMBER. Very well, Senator; that will be done. (The letters referred to are as follows:)

SEATTLE, WASH., December 28. 1920.

HON. WESLEY L. JONES,
Senate Building, Washington, D. C.

SIR: 1. American manufacture of the chemical sodium nitrite, otherwise known as nitrite of soda, is in dire need of tariff protection against German and other foreign importations. This material is basic to the dyestuffs, ink, paint, rubber, and allied manufactures, and prior to the war it was secured almost exclusively from Germany and Norway, where it was, and still is, manufactured very cheaply by the air-fixation method, employing exceedingly cheap electric power for this purpose. The domestic manufacture, employing ordinary chemical methods, was very limited on account of necessarily high

production costs. The country's prewar needs aggregated about 3,000 tons per annum, valued at about \$120 per ton, or 6 cents per pound. The demand increased rapidly during the war on account of the enormous expansion of our dyestuffs industry, and present needs are estimated at about 6,000 tons per annum. Owing to the dependence of this country upon Europe for most of its supply of this material and the great difficulty in securing same during the war, the price skyrocketed from 6 cents to 60 cents per pound, and would, without doubt, have gone a great deal higher if the American Nitrogen Products Co., of Seattle, Wash., had not entered the field about the time the United States declared war. We had begun preparations for the establishment of our air nitrogen fixation industry in 1916 and began operations in the spring of 1917, manufacturing sodium nitrite. Our plant is the only commercially operating air nitrogen factory on United States soil employing the electric arc method and based upon utilization of hydroelectric energy. In addition to this plant, which is located near the city of Tacoma in the State of Washington, we have constructed one at Lake Buntzen, near the city of Vancouver, British Columbia, Canada. Urged on by the dyestuffs manufacturers we gradually expanded until at present we have a capacity of about one-half of the entire country's demand for sodium nitrite, and have invested three-quarters of a million dollars in the enterprise.

2. It has been our aim and dream to expand our air-nitrogen industry in the future, utilizing cheap western electric power, and produce other valuable chemicals absolutely needed by this country in war or peace, such as nitric acid, nitrate of soda, fertilizers, etc., and ultimately do it on a competitive basis as to costs with the air-nitrogen plants in Germany and Norway. This expansion, improvements as to efficiency, and lowering of production costs will take time, and now we are threatened with a German invasion and cut-throat competition as to our only product, sodium nitrite, as evidenced by copy of circular letter recently sent out by German interests and attached hereto. Our present cost of production is considerably above that at which the Germans are endeavoring to take the business. The present import duty is only one-half cent per pound, which is insignificant and must be greatly increased if protection is to be accorded us and our infant air-nitrate industry. With such protection we could afford to expand our United States production and gradually lower our costs. On the other hand, if protection is not extended, this company not only will be prevented from undertaking the contemplated expansion but will be compelled to withdraw entirely from the manufacture of this essential chemical and leave the control of same in the hands of the German and Norwegian interests as it was prior to the war.

3. In view of the above facts we appeal to you to mark the chemical sodium nitrite for proper attention, investigation, and protection if warranted by the facts. Needless to say this corporation is ready and anxious to furnish any and all information desired which lies within its power.

Respectfully, yours,

AMERICAN NITROGEN PRODUCTS CO.,
By C. F. GRAFF,
President and General Manager.

PEERLESS COLOR CO. (INC.), Bound Brook, N. J.

GENTLEMEN: As previously advised you, we have for distribution in this country through American fiscal agents, that portion of nitrite of soda, as produced by the Badische Aniline & Soda Fabrik, of Germany, through their atmospheric nitrogen development, which has been allotted for consumption in the United States.

Naturally because of the existing business depression there is very little activity, with the result that prices have been reduced considerably; in fact for spot material we can offer, subject to change, ton lots as low as 6 cents per pound, ex warehouse at New York, and for larger quantities it might be possible to shade this figure with a firm bid in hand, although the feeling here is very strong that the bottom of the market has been reached. We have on hand at the present time in New York approximately 50 tons, and no further shipments will come into this country until orders are placed for shipment from abroad.

- We have instructions from Germany to find out the prospects of nitrite of soda consumption in the United States over the year 1921, and for this reason we are taking the liberty of addressing you to ask if you will kindly let us have your opinion in this regard. If the market has actually reached its lowest level, this might be a good time to consider requirement contracts for the coming year, and any suggestions that buyers have we shall be happy to cable abroad. The quality of our material is as good as that produced in any part of the world and we shall be pleased to forward samples upon request.

Awaiting with interest your reply, we are,

Very truly, yours,

C. B. PETERS Co. (INC.),
C. B. PETERS, *President*.

SCHEDULE 2.—EARTHS, EARTHENWARE, AND GLASSWARE.

FIRE BRICK.

[Paragraph 201.]

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. Fire brick is covered in paragraph 201. The tariff on that commodity is 10 cents in the House bill. I have here a letter from the Denny-Renton Clay & Coal Co., of Seattle, urging that the tariff be made 25 per cent instead of 10 per cent.

Senator SMOOT. You mean 25 cents?

Senator JONES of Washington. Twenty-five per cent ad valorem. I will ask that this letter be put in the record. It gives all the facts that I have with reference to the matter.

Senator McCUMBER. Very well, Senator, that will be done.

(The letter referred to is as follows:)

SEATTLE, WASH., January 8, 1921.

Mr. W. L. JONES,

Member United States Congress, Washington, D. C.

DEAR MR. JONES: We are inclosing herewith copy of night letter we are sending you to-night.

The matter of securing an increase in the tariff on fire brick imported into the State of Washington from British Columbia to at least 25 per cent ad valorem is very important to us and to all manufacturers of fire brick in the State of Washington. Under the present tariff of 10 per cent ad valorem more than one-half of all the fire brick manufactured in British Columbia during the past six or eight years has been marketed in the States of Washington, Oregon, and California. The larger part of these importations have been sold in the State of Washington. Lower labor and coal costs in British Columbia permit the manufacturers there to pay the duty and still be able to undersell the manufacturers of fire brick in Washington.

As you know, conditions in this State are such that it is most desirable to conserve our home markets for the manufacturers and producers of the State, at least to the extent that this policy is economically sound.

May we not ask your support in this matter?

Yours, very truly,

DENNY-RENTON CLAY & COAL CO.,
By E. J. MATHEWS, *President*.

LIME.

[Paragraph 204.]

STATEMENT OF ALFRED W. GRAY, REPRESENTING THE NIAGARA ALKALI CO., NIAGARA FALLS, N. Y.

Senator McCUMBER. We have had considerable testimony on the lime question.

Mr. GRAY. One witness on the other side has appeared. I represent the Niagara Alkali Co., an American corporation at Niagara Falls, a company engaged in the manufacture of caustic soda and bleaching powder, which uses large quantities of lime. That company, in anticipation of building a plant on the Pacific coast—in California, Washington, or Oregon—purchased the Pacific Lime Co. at Blubber Bay, British Columbia, where they found what they considered to be the purest lime on this continent. So we are interested in bringing in lime on a fair basis; that is, on a basis which will not be an injustice to the American producer, and yet will allow us to bring it in on the basis which protectionists believe in, namely, on an equal basis. I am a protectionist, and that has always been my belief.

The law as it now stands provides 5 per cent ad valorem duty, which, at the present price of lime, including the package which carries the lime, is the equivalent of $6\frac{1}{2}$ cents a barrel. I find that the Fordney bill provides 10 cents a hundred pounds, or 20 cents a barrel. Until Saturday afternoon I had understood that that was 10 per cent ad valorem, which was not so injurious to our interests, and we thought we would ask to have it stay as it is. But when I discovered that it is 10 cents a hundred pounds, or 20 cents a barrel, it would be prohibitive and prevent us bringing in our lime absolutely, as you will see from the data which has been compiled and presented in the Tariff Information of 1921.

In that tariff information it states that the foreign cost of production of the lime is \$6.50 a ton. That would be 65 cents a barrel, or one-tenth of that amount. The United States cost is \$8 a ton, or 80 cents per barrel. The freight added to our cost in bringing it from Blubber Bay, where our plant is—and it is the only lime plant of any kind on the Pacific coast, and we bring in ourselves half of all the lime that is brought into the United States—would be 30 cents a barrel on the average, which would make our cost of laying it down in the United States without duty 15 cents a barrel more than it costs to produce it in the United States. But we have felt that we could continue to bring in some lime on that basis if the tariff was kept down not to exceed in any event 10 cents a barrel.

At the present time, under the 5 per cent ad valorem, or $6\frac{1}{2}$ cents a barrel—less than one-fourth of 1 per cent—in fact, they state it here as one-fifth of 1 per cent—or one-fifth of 1 per cent of the lime consumed in the United States is brought into the United States. It states here the amount produced, the prewar figure, was 33,000,000 barrels plus; in the last available figure 32,000,000 barrels plus. The amount brought in in the prewar period was 34,000 barrels plus, and at the present time the last available figure is 66,000 barrels plus.

Senator McCUMBER. What tariff do you want, if any; what would you suggest?

Mr. GRAY. We want the tariff cut down to at least 10 cents a barrel if it is going to be specific.

Senator SMOOT. Do you mean 10 per cent or 10 cents a barrel?

Mr. GRAY. We would prefer to have it 10 cents a barrel; it is easier to handle.

Senator McLEAN. Is your lime devoted to any special use?

Mr. GRAY. The lime of my company is devoted to the manufacture of bleach, and the plant at Niagara Falls consumes, and has for the last five years, more lime each year than we have brought in since we purchased this plant five years ago. So that we are not injuring the lime business as a whole, because we are using more than we bring in, and there is five times as much lime shipped out of the United States into Canada as is brought from Canada into the United States.

So we feel that the tariff that has been fixed here is excessive, not only on the ordinary lime but the hydrate of lime also. I noticed in the bill, which is section 204, that hydrate of lime is put at 12 cents per hundred pounds. It should be on a lower basis than ordinary lime. So that also should be reduced to one-half its present figure.

Senator McCUMBER. How many pounds of lime in a barrel?

Mr. GRAY. Two hundred pounds—just one-tenth of a ton.

In California during the past five years they have averaged something over 990,000 barrels a year, approximately 1,000,000 barrels a year produced there; and it is the States of California and Washington that have made objection to our bringing in lime.

The State of California, as I say, manufactured approximately 1,000,000 barrels of lime a year. The most we have brought into the State of California was 20,000 barrels a year, or 2 per cent. California ships out several times as much as is brought in.

Senator FRELINGHUYSEN. Why do you not buy the lime in California?

Mr. GRAY. The situation is this: In the first place, when we planned to build our plant we looked for the purest lime we could find. California lime will not do; it is not the grade of purity. Our lime which we bought out there produces 99.6 purity. It is the purest lime that is produced anywhere on this continent. There is only one place in the world where an equal quality of lime is produced, and that is in England; and we did not think about the duty, as we were going to use it ourselves, and that did not enter into the figures. It was a low rate of duty—6½ cents a barrel—and we did not figure on it. It has now been made 20 cents a barrel, and we have not been able to build the plant; and if we lose this asset out there it will be a very substantial loss to this American company.

Senator McLEAN. Is your factory there now?

Mr. GRAY. Our factory is at Niagara Falls, and we were going to put up a branch factory on the Pacific coast, either in California, Oregon, or Washington.

Senator McLEAN. It has not been erected yet?

Mr. GRAY. No; the war has prevented that.

In the States of Washington, Oregon, and Idaho they produced 500,000 barrels of lime annually during the past five years. They

have shipped out 200,000 barrels into other parts of the country. The most we have ever brought in there was less than 30,000 barrels, or 6 per cent of what they manufacture there; and they have shipped out six times as much as we bring in.

I state that for the reason that we have been charged with damaging seriously the business of the concerns out there, which I will speak concerning later; and I also wish to say this, that the State of Washington, the State of Oregon, and the State of Idaho, and State of California need our lime worse than almost anything that they require there, for the reason that it is the only lime that can be used satisfactorily by the producers of fruit in spraying. Every other lime that they use precipitates sediment, destroys the valves, plungers, and pumps generally in their spray apparatus; and I have here dozens of letters from the manufacturers of sprays and from the building industry and fruit growers of those States, and there have been hundreds of letters filed with the Ways and Means Committee insisting that this lime be allowed to come in at the lowest possible figure, otherwise that it will be injurious to them and they will probably be unable to buy satisfactory lime.

Senator McLEAN. Can not other lime be used as a basis for insecticides?

Mr. GRAY. It has the same qualities, but it also has sediment which precipitates and makes it difficult to use, and also destroys the spray apparatus and causes delays in the work. This lime for some reason or other—on account of its exceeding purity, I believe—can be burned to a much finer content, and when it is once sprayed on the trees it will stand several rains before coming off, whereas the ordinary lime that is produced on the western coast will not remain on the leaves so long, so they say.

Senator McLEAN. Then, if it does not compete and the use is very large, why do the California people object to your bringing it in?

Mr. GRAY. A great many concerns that manufacture spraying material if they can get other lime cheaper some will use it—or a substantial number—and it will have the result of being sold on the market as being just as good and as being the equal of our lime. Of course, lime is only a part of this spray material, and a great many other people buy lime as lime; they do not know one lime from another. Anyway, the fruit growers out there seem to have considered it a very serious matter.

We claim we are doing more good in bringing in this lime than harm. We are doing no one any harm except taking some business that might go to somebody else, but they could not take care of it and furnish the service our lime furnishes.

Mr. Humphrey, who appeared before this committee, said that we had destroyed the Tacoma & Roche Harbor Lime Co., which was manufacturing 450,000 barrels of lime a year in the State of Washington, and that we had reduced their manufacture down to 30,000 barrels a year. In view of the fact that the entire importation of lime of every kind was but 50,000, we can not see how our small importation could reduce 450,000 barrels to 30,000 barrels, and we think that would be rather a hard question for him to answer.

I would add this, that during these last few years there has not been as much lime imported into the United States as there was im-

ported 10 years ago. Back in 1908 there was almost twice as much lime imported into the United States as is being imported now.

Mr. Humphrey also argued before this committee and filed a brief stating that labor was much cheaper in Canada, and that we hired Chinese labor. That was true during the war, because we could not get anything else. But it did not turn out to be cheaper labor, because the Chinese were not as efficient. We use white labor where we can get it.

He also argued and stated to the committee that the Canadians imposed a duty of $17\frac{1}{2}$ per cent ad valorem on the lime, plus $17\frac{1}{2}$ on the package, plus $7\frac{1}{2}$ war tax, plus $2\frac{1}{2}$ per cent freight tax, all of which amounted to 45 per cent as against our 5 per cent as it stood, all of which is either erroneous or misleading. The war tax has been repealed; the freight tax simply corresponds to a 3 per cent freight tax, and it has nothing to do with the importation. The $17\frac{1}{2}$ per cent on the package, plus $17\frac{1}{2}$ per cent on the lime itself, is equal to $17\frac{1}{2}$ per cent on the importation, which is less than 20 cents a barrel, which has been put on here.

At the present rate it is only about 18 per cent as against 20.

So that argument, it seems to me, could not stand.

Senator FRELINGHUYSEN. What is your product used for in the bleach?

Mr. GRAY. It is used in the manufacture of bleach, and bleach is used largely in the manufacture of paper and in bleaching fabrics of various kinds.

Of course, we also feel, notwithstanding what has been going on in Washington in the peace conference, we should have a plant on the Pacific coast of the United States which could produce chlorine—bleach consists of lime and chlorine—and there is no plant out there excepting one, west of the Mississippi River, that produces caustic soda and bleach, or chlorine, and both in times of peace and in times of war—in times of peace because of freight difficulties and in times of war because of conditions then arising, it would be greatly to the advantage of this country to have such a plant there, and it would be a great encouragement to this company if they could bring their lime in on the basis which would enable them to manufacture.

**BRIEF OF ALFRED W. GRAY, REPRESENTING THE NIAGARA ALKALI CO.
NIAGARA FALLS, N. Y.**

The Niagara Alkali Co. is engaged in the manufacture of bleaching powder and in the manufacture of that product requires a large quantity of high-grade lime, and has a plant at Niagara Falls, N. Y., and owns a majority interest in the Pacific Lime Co. at Blubber Bay, British Columbia, which is engaged in the manufacture of lime.

According to Government reports only one-fifth of 1 per cent of the lime consumed in the United States during the past five years was imported, while during the same period the United States exported to Canada five times that amount.

The present duty on lime is 5 per cent ad valorem, and after a very determined fight by the opponents of the Pacific Lime Co. the duty on lime was placed in the bill which passed the House of Representatives at 10 cents a hundred pounds, viz, 20 cents a barrel, and to forestall any effort that might be made to reduce this duty in the Senate these same interests have appealed to the Finance Committee of the Senate to increase this rate of duty.

The total importation of lime from Canada during the past five years, as shown by the Government reports, would average less than 6,000 tons a year, or approximately 60,000 barrels of lime a year, of a value of less than \$100,000 a year, the duty on which would be less than \$5,000.

It is evident from the foregoing that this is not a matter of national concern, but is a local fight against an individual company, and, in fact, is a carefully planned effort on the part of the Tacoma & Roche Harbor Lime Co. to keep out of the United States the product of the Pacific Lime Co. by means of tariff legislation.

The Niagara Alkali Co., an American corporation; and Americans for the most part interested in the Niagara Alkali Co., in 1916, in order to obtain a supply of lime of a high degree of purity, to be used in the chemical plant which they planned to build in one of the Western States, purchased the Pacific Lime Co., which had the best and purest lime deposit on the North American Continent, with the idea of furnishing their own requirements, this lime being 99.6+ per cent pure.

The plant was not built which was to use this lime for the reason that war conditions prevented, but the agricultural interests and building trades have benefited, as they have thereby procured a lime so free from grit and insoluble matter that it is unequaled in the manufacture of spray material for the spraying of fruit and vegetables and for making smooth mortar for plastering.

On the hearing before the Finance Committee of the Senate on August 20 last Mr. Humphrey, representing the National Lime Association, made various statements pertinent to this bill which should be corrected.

It is not true, as stated, that Pacific Lime Co. established its plant at Blubber Bay in order to procure cheap labor, as Canadian labor is paid as high wages as American labor; nor was it to get Chinese labor, although some Chinese labor was used, as at that time Canada was denuded of all its Anglo-Saxon labor by reason of the war, and the inferior Chinese labor was, of necessity, employed; but even for this Chinese labor a larger wage was paid than is ordinarily paid to the cheap Mexican labor which is used by many of the lime companies in the Western States.

Nor did they go there to escape cheap tonnage to get to American markets, since, as a matter of fact, they had to bring their product 230 miles before reaching Tacoma or Seattle, in whose harbor the Tacoma & Roche Harbor Line Co. operates, and 900 miles to reach San Francisco, from which point lime is distributed in California; so that it was distinctly to the disadvantage of the company to manufacture lime in Canada rather than the United States, and particularly so since the freight rate on lime is very heavy, owing to the fact that if it gets wet in transit it sets fire to the cargo and ship, and the Pacific Lime Co. lost one vessel last year from that cause. Nor did this company destroy the American lime industry in the State of Washington, as hereafter appears.

The State of California, according to Government reports, manufactures approximately a million barrels of lime a year, and only about 20,000 barrels a year is imported from Canada, and it exports much in excess of what it imports.

The States of Washington, Oregon, and Idaho, as shown by Government reports, have been exporting about 20,000 tons, or 200,000 barrels, of lime a year, and have been importing less than 3,000 tons, or 30,000 barrels; so that these importations can not be truthfully said to have destroyed their business.

As shown by the Government reports, there was imported into the United States in 1908, 231,000 units of lime of 100 pounds each, while 10 years later, in 1918, there was imported only 147,000 units, or a little over half.

Nor was the Tacoma & Roche Harbor Lime Co. ruined by this company, as stated by Mr. Humphrey before this committee, but was ruined by a rate war between that company and the Henry Cowell Lime Co., which took place some years ago; and a new rate war has just been started again by the Henry Cowell Lime Co. with a cut to the retail trade from \$2.65 a barrel to \$2.05 a barrel and a threat to make a further cut to \$1.50, which is lower than our manufacturing cost plus freight, allowing nothing for tariff and return on investment. The declared purpose of this war is to put the Pacific Lime Co. out of business, leaving the California field to the Henry Cowell Lime Co.

In the statement submitted by Mr. Humphrey to this committee it is claimed that the Roche Harbor Lime Co., with a capacity of 450,000 barrels annually, was reduced to an output of 30,000 barrels by competition from this company when all the lime it sent into the United States in the course of a year did not exceed 50,000 barrels and ordinarily ran less than 25,000 barrels, and in no year was more than fifteen or twenty thousand barrels sent into the State of Washington, which reduces this claim to an absurdity.

Nor was Mr. Humphrey any more correct or fair with the committee when he submitted his statement of the tariff on lime. In submitting the Canadian tariff on lime he adds the $17\frac{1}{2}$ per cent of the value of the package to the $17\frac{1}{2}$ per cent on the lime, plus the war taxes of $7\frac{1}{2}$ per cent and freight tax of $2\frac{1}{2}$ per cent, and claims therefore that the tax is 45 per cent of the importation, whereas it is only $17\frac{1}{2}$ per cent of the value of the importation, plus the war tax of $7\frac{1}{2}$ per cent and the freight tax of $2\frac{1}{2}$ per cent, or $27\frac{1}{2}$ per cent instead of 45 per cent.

From this should be deducted the $2\frac{1}{2}$ per cent freight tax, as that is not a tax on the importation any more than the freight tax in the United States is a tax on the importation, and the $7\frac{1}{2}$ per cent tax was only a temporary tax growing out of the war and is now repealed, so the tax is only $17\frac{1}{2}$ per cent ad valorem on the value of the importation, as against the House bill tax of 10 cents per 100 pounds, which at present values makes our tariff the higher.

Nor is Mr. Humphrey's statement of the rate of wages paid either to the Pacific Lime Co. employees or to the American laborers correct. The wages paid in British Columbia are from 25 to 50 per cent higher than as stated by Mr. Humphrey, while the wages paid in the United States are from 50 to 100 per cent lower than as stated by him.

After careful investigation these are the facts as we ascertained them. In the State of Washington coopers are paid 8 cents a barrel, and it is a rare man who can earn to exceed \$6 or \$7 a day, rather than \$8 or \$10, as claimed by Mr. Humphrey, and firemen or burners receive \$4.50 for 10 hours' work instead of \$7 to \$9 a day, and laborers receive \$3 for nine hours' work instead of \$5 to \$7 a day, and in the State of California coopers receive approximately the same wages as in Washington, while firemen receive from \$4.60 to \$5.50 a day, as against the \$7 to \$9 a day claimed by Mr. Humphrey, and laborers receive \$3.60 a day instead of from \$5 to \$7 a day as claimed.

Nor is the statement correct that this company has ever resorted to "dumping" lime upon the market in this country, but ordinarily because of the fact that our product is recognized as superior in quality we have sold the same at a slight advance over the price obtained by American producers, although in certain isolated cases upon competitive bidding it may have obtained contracts at a lower figure than bid by certain other companies, but it has never tried to break the market, and in fact it would be impossible for a company exporting so small an amount of lime to break a market in a country where over 30,000,000 barrels were produced annually, nor could we break their price, as we have heavy freight and insurance charges which other companies escape.

Nor has this company, at least since it was reorganized and purchased by the Niagara Alkali Co., ever offered to stay out of the American market if paid tribute, nor for any other reason; nor has it published misleading or false advertising, nor has it ever been fined for attempting to evade payment of duty on lime shipped into the country or for any other reason; nor do we consider it a piece of impertinence or insolence to come before the Congress of the United States and ask that we be permitted to have our subsidiary company send lime into this country where this business was purchased for the purpose of furnishing lime for our own plant which we expected to build, and especially since, for many years, we ourselves in our own business have used more lime than the total amount of lime imported into the United States, and further and more particularly since the agricultural, chemical, and building industries of the country are in urgent need of our product as being the purest, best, and most reliable that is put upon the American market or is produced upon the continent.

Furthermore it has never been contended by the most ardent protectionist that so high a tariff should be placed upon a commodity as to absolutely exclude the importation thereof, and certainly an importation of one-fifth of 1 per cent of the amount produced in the country is not enough to invite adverse legislation from Congress, but its importation should be further encouraged to prevent combinations of local producers with the idea of raising the price upon the agriculturist, the chemical industries, and the building trades.

It appears from the foregoing that opposition to the present rate of tariff on lime is founded upon meager knowledge or false statements, and that large interests in this country at the present time need this imported product, and we would call the committee's attention to this further fact that to raise the duty beyond 10 cents a hundred pounds would immediately exclude the importation of this lime, and to raise it to that figure would, to a substantial

degree, curtail the importation of it or raise the price to the industries consuming it.

We wish to particularly call the committee's attention to this further fact that the Niagara Alkali Co. would not be warranted in building a plant for the manufacture of chloride of lime upon the Pacific coast if it were deprived of its ability to import lime from the Pacific Lime Co. under favorable conditions, and it is imperative for the interests of this country that this kind of industry should be built up upon the Pacific coast, so as to provide the means of furnishing chlorine and the various products into which chlorine enters for the use of deadly gases in time of war, in the event this country should ever have a war with a country lying beyond the Pacific.

Practically all chlorine-producing plants are now located upon the Atlantic seaboard, and with one exception there is no chlorine plant west of the Mississippi River, and their ability was taxed to the utmost to provide the requirements of the Government in the late war, and it needs but to be mentioned to be realized that it is of the utmost importance to this Government to have large chlorine-producing plants upon the Pacific.

This further observation might be made: That when the rate of exchange between this country and Canada shall become normal it will be impossible, under a 10 per cent rate of duty, for the Pacific Lime Co. to ship in its lime and compete in the western territory, because of the very high rates of freight which obtain in carrying this product upon the water.

We therefore urgently insist that the interests of the Government, as well as the interests of the agriculturist and manufacturers of chemicals and the building industry, require the rate of duty on lime should not be raised above the present duty of 5 per cent ad valorem.

BENICIA, CALIF., April 7, 1921.

HON. H. E. BARBOUR,
House Office Building, Washington, D. C.

DEAR SIR: We understand the lime manufacturers of the Pacific coast want the duty raised on Canadian lime to drive it out of the coast markets, where it is very much needed on account of its purity in the manufacture of lime-sulphur spray solution, used in spraying the millions of fruit trees covering thousands of acres of land in central California, which are sprayed several times every winter, and they require spray material made of very pure lime.

The orchardists of central California are very partial to spray solution made of Pacific lime, from Blubber Bay, Canada, for the reason it makes a stronger solution and will not precipitate while in solution.

Pacific lime has no grit to cut the plunger packing, valves, and nozzles of the pumps and hose.

The lime made by the leading manufacturers of California will precipitate while in solution, is full of grit that cuts the plunger packing, valves, and nozzles of the pumps and hose, and is not desired by the lime-sulphur spray industry.

We sincerely hope the present duty of 5 per cent on Canadian lime will not be raised. Should we be deprived of its use it will mean a great loss to the orchardists of California.

Yours, very truly,

CALIFORNIA REX SPRAY CO.

APRIL 18, 1921.

HON. HIRAM W. JOHNSON,
United States Senator, Washington, D. C.

DEAR SIR: Our attention has been called to the fact that the lime manufacturers of the Pacific coast have for some time past been trying to get the Tariff Committee to raise the duty on Canadian lime, which would mean the elimination of it from the Pacific coast market.

In connection with the use of this lime for building purposes will say that it is the only lime which we have ever sold in which there has not been a single complaint against it while the other limes which are manufactured in California have caused us more or less trouble.

We have used a great deal of the Pacific Lime Co.'s lime which is made at Blubber Bay, Canada, and our customers very much prefer it for use in making mortar for both their plasterwork and brickwork.

For the making of lime-sulphur spray solution for the spraying of fruit trees it has no equal.

For use in making whitewash, particularly for exterior work, it is superior to other limes to be had for the reason that soon after using it it hardens so that it is not washed off the fences and buildings by the hardest of rains, whereas the California limes, which have a large percentage of magnesia, will not stand the heavy rains which we have in this section of the State.

We think it would be decidedly unfair to those engaged in the building trades, as well as to the orchardists of this State to increase the duty on the Canadian lime, which would mean their being deprived of its use.

We sincerely hope that you will give this matter your serious consideration before acting upon it.

Yours, very truly,

SAN MATEO PLANING MILL CO.

APRIL 13, 1921.

HON. HIRAM W. JOHNSON,

United States Senator, Washington, D. C.

DEAR SIR: We understand that the lime manufacturers of the Pacific coast have appealed to the tariff committee to raise the duty on Canadian lime in order to drive it out of the United States market.

As packers and shippers of deciduous fruits, we represent the interests of a great many orchardists of California.

We use many carloads of Canadian lime during the spraying season.

Lime used for spraying purposes must be strong, pure, and very finely ground, so that it remains in suspension when in solution during the spraying of trees.

The Canadian lime is more generally used by our orchardists and ourselves than any of the Pacific coast products on account of its purity and superior qualities.

We understand that of all the lime used on this coast less than 1 per cent is imported from Canada, therefore if this is correct, then the entry of Canadian lime into the United States is not a serious matter to the lime manufacturers of this coast.

Under these circumstances, we naturally feel that to raise the duty on Canadian lime would do more harm than good.

Yours, very truly,

PIONEER FRUIT CO.

FRESNO, CALIF., April 11, 1921.

HON. JOSEPH W. FORDNEY,

*Chairman Committee on Ways and Means,
House Office Building, Washington, D. C.*

DEAR SIR: It has been called to our attention that the lime manufacturers of the Pacific coast are endeavoring to have the tariff committee raise the duty on Canadian lime in order to eliminate it from the Pacific coast market.

We beg to state in these regards that we have been using the Pacific Lime Co.'s lime, made at Blubber Bay, Canada, for a long time and find that it is much preferred for both plaster work and vineyard spray solutions.

With reference to its use in connection with home building, as used in plaster putty, it is absolutely true that we have never had a single complaint against this lime, while every other lime that we have ever handled has always caused us more or less trouble.

We believe that it would be decidedly unfair to the building trades of this State, as well as the vineyardists, to eliminate Blubber Bay lime from our market. We pray that you give this matter due consideration before acting upon it.

Yours, very truly,

M. KELLNER & SON LUMBER CO.

APRIL 23, 1921.

HON. JOSEPH W. FORDNEY,
*Chairman Committee on Ways and Means,
House Office Building, Washington, D. C.*

HONORABLE SIR: We are advised that the competitors of Canadian lime are endeavoring to have the import duty on Canadian lime increased, and we wish to go on record that we are opposed to such a measure for the reason that Canadian lime is the best product available for spraying purposes.

The California Fruit Exchange represents approximately 50 cooperative fruit growers' associations throughout the State of California, and all of these associations are large users of lime, and all recommend the Canadian lime as being far superior to our local products, because it makes a strong solution and is free from grit, which are two very important factors in the process of spraying.

Very truly, yours,

CALIFORNIA FRUIT EXCHANGE.

APRIL 9, 1921.

HON. ARTHUR M. FREE,
House Office Building, Washington, D. C.

DEAR SIR: It has just come to our notice that the manufacturers of lime in this State are desirous of having the duty raised on Canadian lime so as to stop the movement of this product into our territory. In this connection we wish to say that we as a rule always go a long way out of our way to patronize home products but it so happens that we are now, and have for sometime past been, receiving Blubber Bay lime from the Pacific Lime Co. of Canada and as this Blubber Bay lime is of very excellent quality and particularly adapted to the needs of the orchardists in this vicinity we would very much regret to see anything happen that would prevent our being able to supply this grade of material as we are at present.

As you are no doubt aware there is considerable lime manufactured in this State, but for spraying purposes it is not as satisfactory as the imported lime above referred to on account of the excess amount of grit that it carries. This seems to have the effect of cutting the plunger packing, valves, and nozzles of the pumps and hose; and is not desired by the lime-sulphur spray industry which is much in use here.

We sincerely trust, therefore, that the present duty of 5 per cent on Canadian lime will not be raised for should we be deprived of its use it will mean a great loss to orchardists and others in this State. Anything that you could do, therefore, that might prevent any increase over the present duty in this particular instance will be very much appreciated by us.

It seems that this Blubber Bay lime on account of its extreme purity makes a much stronger solution and further does not seem to precipitate while in solution, and this item is very important with those using lime particularly for spraying.

Yours, very respectfully,

BORCHERS BROS.

HON. A. M. FREE,
House Office Building, Washington, D. C.

DEAR SIR: We learn that there is a movement on foot to have the duty raised on Canadian lime. If the duty is raised on this lime it will materially add to the cost production for the orchardists of the Pacific coast, as thus far it is the purest lime that has been produced, and the only lime we know of which will not precipitate while in solution. For this reason it is used almost exclusively by the manufacturers of lime-sulphur solution and is very much preferred by the growers themselves. We know the foregoing statements to be facts from our experience of over 25 years in selling lime to the orchardists of Santa Clara County, and sincerely hope the present duty will not be raised, as it would simply mean added cost to production to the orchardists of California.

Yours, very truly,

THE CUPERTINO STORE (INC.).

YUBA CITY, CALIF., April 18, 1921.

HON. CLARENCE F. CURRY,
House Office Building, Washington, D. C.

DEAR SIR: We understand the lime manufacturers of the Pacific coast want the duty raised on Canadian lime to drive it out of the coast markets where it is very much needed on account of its purity, used in spraying the thousands of fruit trees covering hundreds of acres of land in Sutter and Yuba Counties.

The orchardists of Sutter and Yuba Counties are very partial to spray solution made of Pacific lime from Blubber Bay, Canada, for the reason it makes a stronger solution and will not precipitate while in solution.

The lime made by the leading manufacturers of California will precipitate while in solution, contains grit that cuts the plunger packing, valves, and nozzles of the pumps and hose, and is not desired by the orchardists.

We sincerely trust the present duty of 5 per cent on Canadian lime will not be raised. Should we be deprived of its use it will mean a great loss to the orchardists of the Sacramento Valley.

Yours, very truly,

THE DIAMOND MATCH CO.

**STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR
FROM WASHINGTON.**

Senator JONES of Washington. In the bill as it passed the House, paragraph 204, the tariff on lime is 10 cents a hundred and on hydrated lime it is 12 cents a hundred.

Former Congressman Humphrey, I understand, has appeared before the committee and presented that case, and it is not necessary for me to go over it again, though I did want to call attention to it.

Our lime people feel that with this 10 cents they can not run. I think Mr. Humphrey has pointed out the conditions pretty clearly and, as I say, I am not going to burden you by going over it again, because I could only reiterate what he has already said. I hope that the committee will give that item very careful consideration.

TALC.

[Paragraph 209.]

**BRIEF OF CHESTER TOMSON, REPRESENTING E. E. & C. TOMSON
CO., CLINTON, N. J.**

Under paragraph 209, H. R. 7456, it is proposed to levy a duty of \$5 per net ton upon crude talc entering the United States.

This brief applies only to Canadian importation of crude talc.

We have been importers of crude talc from Canada for the last 14 years. This talc in its crude form is not considered in competition, in any manner whatever, with the talc products of the United States, because similar quality has not as yet been discovered in the States, unless it may appear in the late discoveries upon the Pacific coast. However, if found there its cost to eastern consumers would be prohibitive under present freight tariffs.

This product, as far as our operations extend, is used exclusively by the textile manufactures, and is commonly known as an invisible filler for their commodities, and the demand is not large by those who use it.

Crude talc costs in Canada \$6.50 per net ton. The incoming freight to our place of operation is \$7 per net ton. If a duty is exacted of \$5 per net ton, it would mean that the total cost of the crude talc would be almost as much as the now selling price of the finished article would bring to the consuming trade, which would leave little or nothing for the American grinders who finish and prepare the material for the trade.

For the reasons advanced, we strongly object to any duty whatever being imposed upon crude talc entering the United States from Canada.

If the committee will thoroughly investigate the merits of this objection, we are well satisfied that the contention will be upheld and the proposed duty upon crude talc will be eliminated entirely.

FLINT GLASS PRODUCTS.

[Paragraphs 217, 218, and 229.]

**STATEMENT OF WILLIAM P. CLARKE, NATIONAL PRESIDENT
AMERICAN FLINT GLASS WORKERS' UNION, TOLEDO, OHIO.**

Mr. CLARKE. I will say that I am here to-day in rather a unique position. First of all, I am president of the glassworkers organization. We have been experiencing for years considerable difficulty in placing our men at work because of imported glassware. On coming into the position of president of the organization I felt that it devolved upon me to a great extent to try to overcome that. And at the termination of the war I suggested to the employers that a joint committee be sent to Europe to make a study of the situation there, and Mr. T. W. McCreary, superintendent of the Phoenix Glass Co., of Pittsburgh, Pa., accompanied me. We made an investigation covering a period of five months, and Mr. McCreary is here in the room. We agree on the results of our findings, and I want to say to you that unless something is done—not only the adoption of the American valuation plan but a much higher rate of protection than that outlined in the bill as it comes from the Ways and Means Committee is given to the flint-glass industry of the United States—the industry will be ruined.

Senator McCUMBER. And that is based upon the cheaper cost of production?

Mr. CLARKE. That is based upon the cheaper cost of production in Germany, Czechoslovakia, Belgium, and France, but particularly—

Senator McCUMBER (interposing). You can give us a comparison, can you, of the difference of the cost there and here?

Mr. CLARKE. We can; yes, sir.

Senator McCUMBER. Will you give it to us?

Senator SMOOT. Is that in your report?

Mr. CLARKE. It is in our report. We have printed reports.

Senator SMOOT. I think that would be the best way to do.

Mr. CLARKE. Let me say to you that in 1914, to the best of my knowledge, the wages of the glassworkers of Germany on an average were \$10.71 a week, based upon the American standard. The wages of the men whom I represented at that time were \$16.23 a week. We were not able to compete with them; that is what actually helped me suggest that the employers send a man to Europe with me, so that when we appeared before any committee representing our Government we would appear in unison, if it was possible for us to do so.

And let me inject here, to remove any suspicion on the part of anyone—

Senator JONES. Do you not think it would have been advisable in keeping with some other statements that are widespread in the country to have had the public represented on your committee?

Mr. CLARKE. We would have been glad of that, Senator, and it was suggested, but whether we suggested it to the proper people or not is a matter of doubt. We would be glad to have a committee of that character sent and join in that expression.

I have sent a separate report to the men who bore my expense, covering 83 pages, which I shall be glad to submit.

(Mr. McCreary submitted a report, covering 63 pages, to the people that he represented, each writing up a separate and distinct report.)

Senator McCUMBER. Have you any epitomized statements of all of those pages in such manner that you can put it before us in a nutshell? I wish to impress upon our witnesses that when we get to the consideration of this bill we have got to complete it within some reasonable time, and if we take one man's brief of eighty-odd pages to read through, I am afraid there is not a single one of the members of the committee who will tackle the subject of reading it, and for that reason I would like to get the matter boiled down into something that we can utilize in the short space of time that we can consider the bill and bring the real truths home to us. I think you will realize that yourself.

Mr. CLARKE. You are quite correct, and if you would undertake to read these reports, not being familiar with the industry, you would not get out of them the same sense that I hope Mr. McCreary and I could have put into a brief statement here this morning.

Senator SMOOT. Why do you not prepare a brief and have it put in here? What I mean is just a short brief covering the point that you want us to consider in connection with rates of duty that you ask, and state plainly what you want, and then try to say why you want it. Then we can get at that, and it will be considered more by the committee than any other thing. What you might say here, you know, is a physical impossibility to go over. I know you have made a study of it. I was interested in your statement that you made before. But if you will get that boiled down into 10 or 12 pages here, and say just what you want and why you want it, it will amount to something. That is what I would do if I were representing your industry and wanted this protection.

Senator McCUMBER. You can be given that time afterwards to file a supplemental brief.

Mr. CLARKE. All right; will you give me 10 minutes now?

Senator JONES. Mr. Clarke, before you decide to limit yourself to 10 minutes I would like for you to explain to us how Germany handles that commodity—her control of the exports, and so on.

Mr. CLARKE. I can not answer that in that way, Senator. But I can state to you what their cost of production is as compared with our cost of production, and add to that that the men I am representing are not getting a living wage at the present time.

Senator JONES. I have no doubt that your statement on that would be very illuminating. But I have understood that the German Government, acting through some sort of an agency, controls the price at which the commodities produced in Germany are sold abroad, and I think that that is a very material factor in connection with the actual cost of production in Germany, and I think the committee would certainly desire some information regarding that.

Mr. CLARKE. There is only one phase of that that I can answer directly, and I would say that while I was in Berlin I was advised by a member of a tribunal which is composed of a certain number of representatives of the Government, of the industry, and of the workmen employed in that industry that they assemble and decide to a great extent as to what the price of an exported article shall be—that information was given to me by a man named Herman Grunzel,

vice president of the German Glass Workers of Germany, who is a member of that tribunal.

Senator JONES. If that price is so fixed without reference to its cost of production entirely, I mean not depending entirely and solely on the cost of production but including the world market conditions, can you not readily see that a mere statement of the cost of production over there would not be of any special value at this hearing?

Mr. CLARKE. No; I disagree with you, because if I find skilled men producing in Germany at the present time—the average skilled glassworker of Germany is earning \$5.27 a week—that is maximum figure, in American money—

Senator JONES. We have also been informed that the syndicate or agency over there which fixes its export price pays back to the producing concern a part of it, and the difference between the cost of production and the export price does not go altogether to the German Government.

Senator SMOOT. That is true; but as long as they can sell at the low price, Senator, they can take the market. But they are going to sell just below our market, in order to take it, and just as close as possible. But as long as they produce the goods for, say, one-third in order to take the market they can go down the one-third if they want to. But if they can sell it for more they are going to do it.

Senator JONES. Is that agency under the direction to any extent of the Reparations Commission appointed under the Versailles treaty?

Mr. CLARKE. Not to my knowledge; no.

I was going to say there is an electric bulb in that bracket [indicating chandelier in the committee room]. The cost of the skilled glassworker producing that in Germany to-day is not in excess of 15 cents a hundred—that is, for producing the glass bulb, not the lamp—whole to-day in America the price of producing that bulb amounts to \$1.54.

Senator JONES. Ten times as much?

Mr. CLARKE. Ten times as much.

Senator JONES. But you want a tariff here of 1,000 per cent?

Mr. CLARKE. No.

Senator JONES. Then, how can you hope to compete with that sort of thing unless you get it?

Mr. CLARKE. I realize there is some difference between that cost in Germany and the laying of that article down in America.

One essential thing, Mr. Chairman, that I would like to bring to the attention of your committee was a misrepresentation made to your committee on August 19 and appearing on pages 1365, 1366, and 1370 of part 20 of the record. In kindness I wish to say that I think the man who made the statement knew better but, like other men, became excited and made some statements that are absolutely and positively inaccurate; and I refer to the testimony of Mr. W. A. B. Dalzell, of Moundsville, W. Va., who made the statement here that the glassworkers worked but three hours a day. I called his attention to that and asked that his statement be corrected and he has corrected it, but it is not correct yet. He sent me a copy of his correction. He said that we work six hours a day, but I want to say to you—and challenge contradiction by Mr. Dalzell or any other employer in the United States or Canada—that in no

instance do the men that I represent work less than eight hours a day and, in most instances, they work $8\frac{1}{2}$ hours a day producing, and are required to work from 30 minutes to an hour and a half a day in addition to that in preparing to produce and putting their tools away after the day's production is over.

I make that statement to correct the record, so that no man will be misled. Senator Reed evidently was misled when Mr. Dalzell made his statement before this committee.

Senator JONES. And are they paid a daily wage on the basis of the hours which you have mentioned?

Mr. CLARKE. Ninety per cent of our workers work on a piecework basis—unlimited production. So they are paid entirely on the piece system.

I am going to pass over a lot of statistics that I had prepared here for the purpose of conforming to the request made by the chairman.

But if there is any doubt in the mind of any man here about this glassware being made in Germany below our cost, or about it being laid down in America while our men are walking the streets in idleness, I wish that you would question me while I am here; and if you do not question me I will take it for granted that you believe that the ware is made over there at a figure that enables it to be sent in here as I claim, and that you are willing to admit that our men are walking the streets in idleness while this ware is being sent into America.

Senator JONES. Would you assume the converse of that proposition if we did ask you questions—that we were opposed to any protection of this industry?

Mr. CLARKE. Well, judging from some of the statements that I have heard I do believe that there are some members of the committee who are opposed to giving this industry any protection.

Senator JONES. I think I can say to you, Mr. Clarke, as well as to other witnesses, that all of the questions which I have been asking here have been with a view of developing the different phases relating to the various commodities, reserving absolutely any judgment as to what should be done later.

Mr. CLARKE. That is a right that you have, of course, just as much as I have a right to present evidence here to show that. For instance, in Alexandria, Ind., a company that is producing lamp chimneys and selling them in Chicago for \$1.35, that I do not think can produce them for less, has lost its business to a German concern that was selling a substitute, practically as good, for 30 cents a dozen.

Senator JONES. You have mentioned one article, these electric-light bulbs here, as being produced in Germany at 15 cents a hundred, the cost in this country being \$1.50 a hundred. Is that typical of the glass industry generally?

Mr. CLARKE. I do not think it would go quite that strong.

Senator JONES. How strong would it go, in your opinion?

Mr. CLARKE. I will say 8 to 1.

Senator JONES. And how much of a tariff are you asking here?

Mr. CLARKE. The tariff asked by the committee that represented the manufacturers was 60 and 65 per cent.

I want to second the excellent statement of Mr. Nicholas Kopp, when he appeared before you representing the manufacturers, and

I think every statement he gave was in harmony with the absolute facts.

Personally, I do not think 60 and 65 per cent will protect us to the extent we should be protected, but it will be a great deal better than at the present time, providing we get the American valuation along with that; if we do not get the American-valuation plan, I have no hopes of being able to get a tariff sufficiently high to protect the industry and the men I speak for.

Senator JONES. If you get your 60 per cent on the American valuation plan on these electric-light bulbs, at what price must they be sold at, wholesale, in Germany, in order to compete with that same bulb here?

Mr. CLARKE. Well, unfortunately, I can not tell you exactly what the price is in America; I can only suggest that to the best of my knowledge it runs about \$27 a thousand. If you place 60 per cent on the \$27 value—

Senator JONES (interposing). For the purpose of easy figuring, let us call it \$30.

Mr. CLARKE. Then you would get \$18—

Senator JONES (interposing). You would have \$18 duty?

Mr. CLARKE. \$18 duty to add to a \$1.50—

Senator JONES (interposing). You will have \$18 duty, and then the importing dealer, who usually charges 25 per cent, does he not, for handling goods of that sort—his expenses, overhead charges, and so on?

Mr. CLARKE. I could not tell you that.

Senator JONES. On his sale price? It has been so testified to by other witnesses that that is the common percentage.

So you would have 60 per cent of your \$30, or \$18 in duty; and \$7.50 would be the dealer's expenses and overhead charges, and so on, which would make \$2.50; and then there are current cartage charges, and so on, which generally are figured at $1\frac{1}{2}$ per cent additional.

So that a thousand of those bulbs, which would cost \$4.05 in Germany, would have to sell in this country for \$30 to compete with your product on the basis of 60 per cent duty, American valuation plan. And is that what you want; you think you need that much?

Mr. CLARKE. Well, I could not agree with your figures without taking a pencil and figuring it out in my own way.

But what we need, and what we want, is some rule and some rate that will prevent that ware from coming into America while the men who live in America and who are able to make this ware walk the streets in idleness.

Senator JONES. What we are endeavoring to get at is the amount here. I take it that there is going to be a duty put upon this glass-ware, and we want to get at some reasonable amount, and you are asking 60 and 65 per cent, and I think we ought to have something here to indicate that you need that much, something besides the mere investigation as to the cost of labor in Germany. There are other considerations over there which make the price of the product more than you indicate by the cost of the labor.

Mr. CLARKE. I disagree with you there. I venture the statement that if we take into consideration the unskilled as well as the skilled labor the difference would be greater than I have suggested.

Senator JONES. But are there not some other factors entering into the production of glassware over there besides labor which should be taken into consideration?

Mr. CLARKE. Will you suggest what they are?

Senator JONES. You are familiar with the industry, and I am not. I am asking you because you are here asking for a duty of 60 per cent as a minimum, and I think you should make the showing.

Mr. CLARKE. I am saying to you that if you take into consideration the skilled labor, also the coal, sand, soda, and the other ingredients that constitute the glass, that they have still a greater advantage than I suggest on the skilled labor.

Senator JONES. You are now getting at the very thing I would like to have you talk about; hitherto you have only mentioned that labor. What about the soda and the silica and other things that enter into the manufacture of glass, the supply of that and its cost; and what about your overhead charges, taxes, and that sort of thing over there?

Mr. CLARKE. I do not consider myself a sufficient authority to go into that phase of the subject.

Senator JONES. We have had an abundance of statements here as to the cost of German labor, but we have not had any statement, as I recall, going into the question of taxation and other factors which enter into the cost of production over there.

Senator McCUMBER. Do you know what these bulbs that you speak of, for instance, that are produced by the German labor for about 15 cents a hundred, sell for at wholesale in the German market?

Mr. CLARKE. I do not know, but I was told last week by a man who handles them in New York that they are laid down in the United States for from \$19 to \$22 a thousand.

Senator McCUMBER. What can we lay them down here for, with the present cost of labor?

Mr. CLARKE. Our labor cost is \$15.40 a thousand for the skilled labor only. This does not include the things that the Senator has suggested, such as overhead, fuel, and the ingredients that go to make up the glass, and all the other additional expenses that must be added thereto.

Senator McCUMBER. You want enough to cover the difference between what it can be laid down for by the Germans and what it can be produced for in the United States?

Mr. CLARKE. I do not believe we would need that entirely, because I think we are more proficient, to some extent, in producing.

Senator McCUMBER. I am saying, what it can be laid down at?

Mr. CLARKE. Oh, yes.

Senator McCUMBER. That takes into consideration that whole subject.

Senator JONES. If it merely cost 15 cents a thousand for the labor cost—

Mr. CLARKE (interposing). A hundred.

Senator JONES. That continue in Germany to produce those and they are selling them here in this country at \$22 or \$23 a thousand, there must be some other factor somewhere of greater importance than the mere labor cost in Germany, must there not?

Mr. CLARKE. The only factor I see is that the German manufacturer is making a greater profit now than he ever made before.

Senator JONES. You say that that is all you saw. Have you made an investigation of that?

Mr. CLARKE. Of the profits?

Senator JONES. Yes.

Mr. CLARKE. I have some statistics here on the profits in Belgium that were given to us in December when we were there a year ago this month.

Senator JONES. I think those factors I have suggested would be more important here and, perhaps, a good deal more important than the mere cost of labor over there. That factor of labor we have heard over and over again; everybody seems to know the cost of labor in Germany. One man here said that the cost of labor was only 4 cents a day in Germany.

Mr. CLARKE. I did not find anything that low. Let me say this, that I will be glad to submit those figures in my brief.

Senator JONES. We will be very glad to get any direct information, Mr. Clarke. You have made an investigation over there, and I think you ought to be able, and no doubt will, to give us some very valuable information. But my request is that you go into those other factors as much in detail as you can, so that we may have something before us besides this question of labor that we have heard so much about.

Mr. CLARKE. Let me say this, and then I will not take up any more of your time, that an international conference composed of the representatives of the glassworkers of all countries was held in Amsterdam, and I endeavored to try to do something to have the workers over there assist us so that we would not be required to reduce our wages or increase our working hours in order to give our men an opportunity to work—and the wages of our men have never been in excess of \$35.02 a week in over 40 years. We failed in that direction. Since then we have come home—I may inject here that in a public address in the city of Weisswasser I notified the Germans—I think there were possibly 7,000 people there—that unless something was done to protect us we would have to protect ourselves and that it would be a matter of the survival of the fittest.

After my return home I recommended to our workers that we would have to reduce our wages, and we have reduced our wages from 10 to 30 per cent, not alone to meet foreign competition, but the 30 per cent in the one department was primarily granted to meet foreign competition, and we have not been able to do it.

I will be glad to submit here a printed statement to the secretary showing the reductions we have accepted since the 7th day of September, ranging from 10 to 30 per cent.

(The statement referred to is as follows:)

CONFERENCE SETTLEMENTS.

Feeling that a concise statement in our records giving an outline of the approximate reductions suffered in the different departments may serve a good purpose, if for no other reason than that of ready reference and comparison, I append the following:

<i>Department and reduction.</i>	<i>Per cent.</i>
Press	10
Press prescriptions, stoppers	15
Press prescription, ointment pots	12
Off-hand stoppers	10

	Per cent.
Cutting -----	10-20
Chimney -----	15
Punch tumbler and stem ware -----	13½
Bulb (failed to agree at first conference and a second conference has not been held).	
Mold making, National Association of Manufacturers -----	11
Mold making, bottle manufacturers (failed to agree, but we have advised our workers to conform to the settlement made with the national association).	
Paste mold, lighting goods -----	10
Paste mold, table and bar ware -----	13
Paste mold, machine (Phoenix Glass Co.) -----	18
Caster place, off-hand, paste mold, and burst-off blanks 13 to 20 but averages -----	15-17
Caster place, pressed lead blanks -----	12
Caster place, pressed lime blanks -----	12
Caster place, thermos bottles -----	17
Caster place, chemical and general lines -----	17½
Iron mold -----	10
Shade and globe -----	15
Machine press -----	10
Insulator (failed to agree at first conference and a second conference has not been held).	
Stopper grinding (we hold no wage conferences).	
Lamp working, suffered 15 per cent in January and another 15 per cent in September -----	30
Oven ware -----	12

Those who analyze the foregoing figures may conclude that in some instances they are not absolutely accurate. However, it must be borne in mind that it is impossible to give other than an approximate result in a concise statement because of the fact that some workmen suffered a greater reduction than others.

On the subject of bulbs, lamp chimneys, shades, globes, lighting goods, and chemical ware, which was not made here previous to the war and which the Government appealed to the officers of our organization and to the manufacturers to go into this line of ware during the war because they could not get it, permit me to say that it is all leaving us at the present time, and I have telegrams here from employers and workers appealing to me to see if we can not do something to retain that trade.

Orders for thermos bottles are coming in as many as 2,000,000 in one order, while our men at Vineland, N. J., and other cities are walking the streets in idleness. While I was in Weisswasser the superintendent of the company told me as well as Mr. McCreary, my colleague, that that very day he refused an order for 50,000,000 electric bulbs to be sent to America because they could not supply their own trade, but that if they had been able to supply their own trade at that time they would have sent the 50,000,000 bulbs.

I do not come here in the spirit of saying that you must do this or that; I come here more in the spirit of appealing to you to do something, begging you to do something, that will enable us to put our men at work. I am open to any question that anyone wants to propound, but your time is valuable and my statement may not be read.

Senator JONES. What were those electric-light bulbs selling for before the war, Mr. Clarke?

Mr. CLARKE. In America?

Senator JONES. In America.

Mr. CLARKE. I would say that in 1911, which is the only accurate statement that I could give you, they sold at \$18 or \$19. I am really not an authority on that, but that evidence has come out in some of our joint conferences with the manufacturers.

Senator McCUMBER. If you will file an abbreviated brief the committee will be glad to have it.

Senator JONES. But put in such of these other matters as you can.

Mr. CLARKE. We have some data on that and Mr. McCreary will be glad to do that. Mr. McCreary is here if you wish to hear from him.

(The following report was submitted:)

EUROPE'S FLINT GLASS INDUSTRY.

[By Wm. P. Clarke, president American Flint Glass Workers' Union, Toledo, Ohio.]

As an introduction to this document it appears to me quite proper to give a brief résumé of our relations with our brethren across the sea. By so doing it will enable those who take up the work where I leave off to more readily and easily comprehend all that has gone before in our efforts to attain an international understanding that would mean an end to ruinous competition against the organized American workmen in the flint-glass industry.

The importation of glassware from abroad at a cost below that at which similar ware can be produced in America has frequently caused much annoyance to the officers and members of the American Flint Glass Workers' Union and to the manufacturers employing our members.

At a bulb conference in the Hollenden Hotel, Cleveland, Ohio, November 23, 1901, the workers presented a proposition to the bulb manufacturers calculated to increase the wages of bulb blowers from \$2.15 to \$2.25, and bulb gatherers from \$1.30 to \$1.40 per turn.

The manufacturers opposed the increase and set forth claims of "foreign competition" with such force that a resolution was presented and adopted, which provided:

"That a committee be appointed to investigate the seriousness of foreign competition on bulbs, and that the workers work under protest from December 1, 1901. If the committee decides that the companies can pay the increases, the increase shall be paid from December 1, 1901. If the committee reports that foreign competition is so serious that it will be necessary for the workers to grant some concessions to meet the competition, then the matter shall be referred to a vote of the trade for approval or disapproval. If the workers reject the proposition, the wages shall remain the same."

PRESIDENT ROWE'S EUROPEAN INVESTIGATIONS.

Mr. T. W. Rowe, then vice president of the union, and Mr. E. J. Barry, manager of the Libbey Glass Works, Toledo, Ohio, were chosen to make the investigation. On their return from Europe Mr. Rowe presented a written report, which was exceedingly brief, while Mr. Barry, so far as I am aware, made a verbal report only.

Mr. Rowe's report and reference to the report made by Mr. Barry can be found in the minutes of a bulb conference held in the Boody House, Toledo, Ohio, May 12, 1902, and printed in circular No. 42, May 29, 1902.

The outcome of the conference was that the manufacturers refused to pay the increases, and this resulted in a strike, which began on May 17, 1902, and continued until August 9, 1902, at which time the manufacturers agreed to the contentions of the workers only in so far as wage increases were concerned, while the workers waived their claim for back pay. As a result of this dispute the members of local unions Nos. 28 and 81, of Toledo, and No. 31, of Fostoria, were involved in the strike, and in this contest the union expended \$21,629.50 for strike benefits alone.

During the month of May, 1903, an appeal for aid was received from the National Flint Glass Makers' Society of Great Britain and Ireland, which society was then involved in a struggle with their employers. While their appeal for financial assistance was pending before our trade, Messrs. J. J. Rudge

and John Husselbee, officers of the society, were authorized to visit America and attend our Cincinnati convention. The final disposition of the request for financial assistance was that our membership authorized that \$3,000 be donated.

During the year 1906 National Secretary John L. Dobbins lost his health. The Sea Isle City, N. J., convention advised that he be given a leave of absence. With a feeling that an ocean voyage would aid him, he visited England, Ireland, France, and other countries, during which time he made social calls on our brethren across the sea.

The next occasion on which our organization was represented officially in Europe was at an international congress composed of representatives of organizations of glassworkers from several European countries, and which was held in Berlin, Germany, on September 13, 1911. This subject was brought to the attention of our Toledo (1910) convention, resulting in Mr. T. W. Rowe, then president of the union, being authorized to attend. President Rowe's report of this congress was submitted to the Montreal convention, published in book form. It covered 69 pages, was generously distributed, and served an excellent purpose.

Three years later another international congress was to have been held in Milan, Italy, in September, 1914. President Rowe at our Newark, Ohio, convention brought the matter to the attention of the delegates, recommending that our organization be represented. The committee on officers' reports advised that the recommendation be disposed of in open convention. The convention approved the recommendation of the president, and the writer, who then occupied the position of national secretary-treasurer, was chosen by acclamation to represent the American Flint Glass Workers' Union at the Milan gathering.

WORLD WAR CAUSED POSTPONEMENT.

With credentials and transportation in my possession, and as I was about to depart, the World War broke out, necessitating postponement of the congress. However, the war was also responsible for European importations being practically stopped. But this suspension was only temporary. The armistice was signed November 11, 1918, and in a short time thereafter the inflow of foreign products was again resumed. The effects of the revival of this foreign competition were quickly noticed by many of our representative men, and they frequently urged that another investigation of European industrial conditions be made.

At the Atlantic City convention, July, 1920, the question was brought to the attention of the committee on officers' reports, and this committee's recommendation follows:

"That if an international congress composed of glassworkers is called, the delegate elected at the Newark, Ohio, convention, and confirmed at the Columbus, Ohio, convention, be in attendance; and, if the international congress be not called, that President Clarke be sent to investigate the conditions prevailing in foreign countries.

"We further recommend that if the officers of the national union deem it wise to make an investigation in Japan, that our president be sent. The expenses of both investigations to be paid from the national treasury."

On August 12, 1920, a communication from Emil Girbig, secretary of the International Glassworkers' Organization, Berlin, Germany, contained the information that it would be impossible for the congress to be assembled during the year. Conditions resulting from war readjustment determined your officers in agreeing that the investigation provided for in the resolution adopted at the Atlantic City convention be made without further delay.

If personal desires were given consideration in preference to duty, or if the advice were accepted of those who generously expressed the belief that the greatest amount of pleasure usually attendant on a mission of this character should be secured, then the trip would have been postponed until spring. However, the trend of business conditions at that time and since justified my belief that we were on the verge of an industrial panic, and as I was desirous of securing information that might aid in the task of guiding the organization through the depressing times that appeared just ahead, I decided that duty came first. So the journey was undertaken when the weather was very disagreeable and travel exceedingly unpleasant, causing numberless hardships. It would have been easy to avoid these had not duty been the determining factor.

In addition, industrial unrest appeared on every hand. Men and women were in idleness everywhere in Europe, and our own industries were beginning to shut down. Parades made up of unemployed were of frequent occurrence in England. Strikes were happening daily, and poverty and distress seemed to permeate all of Europe. These conditions added to the discomfort of travel and greatly detracted from the pleasure that one would naturally expect to be associated with such a journey. However, I am compensated in the knowledge of a duty well done, and feel that the information acquired has already enabled me to so shape our policy in relation to foreign importations that the wages of our members have and shall continue to be protected to a far greater degree than if the investigation had been delayed.

DIFFICULTIES IN PREPARING THIS REPORT.

In the preparation of this report it would be impracticable to even attempt a detailed review of all that attracted our attention abroad, nor would it serve the purpose that prompted the investigation. This investigation was intended to be centered upon the flint-glass industry alone, nevertheless one must not lose sight of the fact that numerous things which have a direct bearing on the relation of the glassworker to the glass industry must be comprehended in order to even remotely understand the industry as it is conducted in the Old World.

The subjects of fuel, power, materials, shipping facilities, location, peculiar construction of plants, child labor, natural advantages, equipment, money, exchange, communication, packing, language, measurements, weights, capacities, production, selection, skill, methods of producing, market for ware, taste, goodwill, ingenuity, necessity, and determination constitute but a few of the many things that could be treated in this report were it not for the fact that it would mean a document so voluminous that it would not be read.

Since the close of the war stability has been lacking in Europe. This is apparent on every hand, with the cost of materials and shipping constantly increasing. Added to this is the fluctuating value of foreign money as compared with the standard of the American dollar, the dissatisfied toiler, the ever-increasing cost of living, and higher wage scales that only hold good for a short period of time—all these things tend to make the task of preparing this report one of great difficulty.

For example, in Germany we found glass manufacturers and workers making wage scales to continue in effect for a period of 30 days only, and while we were in Czechoslovakia the workers gave the employers only 24 hours to make answer to a demand for a 30 per cent increase in wages. Since we have returned to America, we have been advised that a new wage scale has been made in the glass industry of Germany.

For the foregoing reasons it will be seen my task in treating the subject is a difficult one. Therefore I must use my own judgment in reviewing the things that have a direct bearing on our industry and give such information as my experience justifies me in imparting to those whose interests I am obliged to protect and advance.

MANUFACTURERS SEND A REPRESENTATIVE.

Believing that every precaution should be taken to make our labors while abroad the success that they should be, and realizing also that the manufacturers should be familiar with the facts as they exist, so that our joint relations might be continued with a thorough understanding of conditions prevailing, we endeavored to influence the National Association of Manufacturers of Pressed and Blown Glassware to select a representative to accompany the representative of the workers. This was agreed to, but at the last minute the manufacturers' executive board decided not to send a delegate. However, a small group of manufacturers, who had formerly suffered because of the inroads of foreign importation, agreed to defray the expenses of a representative, and Mr. Thomas W. McCreary, superintendent of the Phoenix Glass Co., Monaca, Pa., was chosen to accompany me. We sailed from New York on the steamer *Adriatic*, October 20, 1920, and landed in Southampton October 30. The return journey was made on the steamer *France*, which sailed from Havre, France, on March 6, 1921, and reached New York, Sunday, March 13.

FRATERNAL UNDERSTANDING.

Realizing that nothing could be accomplished through the channel of legislation, for the reason that the international congress would not be held, and being desirous of contributing to a plan that might ultimately culminate in a better fraternal understanding between the flint-glass workers of Europe and those for whom I was authorized to speak, it seemed to me such an understanding could be best obtained by mingling with and forming a friendship with their representative men. In this way I hoped to learn of the difficulties of the glassworkers abroad, their accomplishments, their aspirations, and, at the same time, avail myself of the opportunity to relate the obstacles to progress and the hardships of our own organization and indicate the problems that stand in our way to further advancement.

It is pleasing to record that every courtesy was extended to me by all trade-union officials with whom I came in contact, and a bond of fraternal friendship formed that should augur well for the future. I am confident that those who understand our difficulties will give greater consideration to our views than if we were unknown to one another.

BREAKAGE IN FOREIGN SHIPMENTS.

The amount of breakage I witnessed when American goods were unpacked was astonishing. Our information was that loss due to breakage ranged from 7 to 100 per cent. A package containing 18 pieces was opened in my presence, and 8 of them were broken; another containing 6 pieces, 2 of which were broken; and a third containing 6 pieces showed four broken; or 44 per cent broken in the first, 33½ per cent in the second, and 66½ per cent in the third package. To show the contrast, a package from Sweden was then unpacked, and each and every piece was in perfect condition, but a package from Germany showed 16 out of 54 pieces, or 30 per cent, broken.

This not only angered the jobber and caused an excessive loss, but it brought dissatisfaction all along the line and resulted in the jobber discontinuing the handling of certain articles because of his failure to obtain the ware in salable condition. My observation justifies me in declaring that the material—hay, excelsior, etc.—used by the American manufacturers for packing was of such a poor quality—no body to it—that the weight of the articles caused the ware to work its way through the “packing” and rest either against the edge of the box or against another article, with the resultant breakage. This inefficiency in packing serves to injure our foreign trade.

FOREIGN CORRESPONDENCE.

After wrestling with foreign languages for months, interviewing business men, traveling men, and taking into consideration many things that came to me by personal experience, I unhesitatingly declare that employers who send mail and catalogues printed in English to foreign countries where English is not spoken make a monumental blunder, for the reason that the recipient gains little information and less satisfaction from such literature, as it is not printed in a language he understands. Hence the mail and catalogues fail in their mission. To fully understand my viewpoint, one need only try to read a letter, catalogue, or price list printed in a language with which he is not acquainted. It may cost a little more to have the translation done at home, but a thing that's worth doing at all should be worth doing right. If some one does it better than you, then you lose out.

EASY FOR FOREIGNERS.

While we were abroad we were treated with respect on every hand and quite generously received by all with whom we came in contact. However, our attention was called many times to the willingness of American manufacturers to admit strangers to their works, in contrast to the reluctance of some European employers to grant similar privileges, hence this could not help but impress me and now suggests this brief reference in this report.

MY TRAVELOGUE.

Believing that the readers of the American Flint would be interested in my travels abroad, and that much could be said in a series of articles of this nature that would convey information and furnish entertaining reading, I

began in the January issue a series under the foregoing title. The numerous complimentary references to the "Travelogue" have encouraged a continuation of my contributions. It is certainly pleasing to me to know that my efforts to enlighten and entertain our members have met with such a generous response.

CLASS DISTINCTION.

One of the Old World customs that is exceedingly noticeable in practically all of Europe is class distinction. They have their first, second, and third class railway trains, first and second class cars, and, judging from the general attitude of all the people, one gains the impression that many of the natives entertain the idea that they must have first, second, and third class people.

This is certainly a blot upon Europe, and as long as it continues there will never be that degree of unity and genuine understanding abroad that is so wholesome in America. It will not come until the mental attitude of one class toward the other is altered. This change, however, is not possible with the present generation, as class distinction is too firmly rooted, at least that is my belief.

WHERE EUROPEAN GLASS IS PRODUCED.

It is generally understood and admitted by jobbers abroad that, as a rule, England produces the packing goods, Germany and Czechoslovakia the lighting goods, while Belgium leads in the making of blown tableware.

ENGLAND.

On the whole, the flint-glass industry in the British Isles need not cause us great concern. Their works are antiquated and their manufacturers and workers appear to be lacking in progressive ideas. Most of their plants were built many years ago and are without wind and other facilities. In many factories one can not find a glory hole, and, where they exist, they are generally fired with coal. Even some of their furnaces are fired with coal from the factory floor proper, thus indicating how much out of date their plants are. A few of the "cone" shaped factories, inside of which the workmen are required to work, are still in use. The picture of one appears on page 14 of this record.

Efforts are now being made to modernize the glass industry in so far as the making of packing goods is concerned, and they have progressed to such an extent that it is predicted that within a few years production will surpass consumption, causing the English manufacturers to seek outside markets for their ware.

At the present time England is being flooded, so to speak, with imported glassware. This ware comes principally from Czechoslovakia, Germany, Belgium, Sweden, and America. The glass manufacturers and their workers have united in an effort to have the Government enact an antidumping law that will protect their glass industry.

While we found considerable ware in England that was made in the United States, we were, nevertheless, constantly and persistently advised that unless the cost of glass from the United States was lowered the Americans would lose the English market to other competitors.

AGAINST DUMPING.

In a document compiled by the National Flint Glass Makers' Society of Great Britain dealing with "dumping" or importation, they say: "One instance of a particular case where goods invoiced in Czechoslovakian currency at fourteen times the prewar prices, are nevertheless being sold in this country at less than prewar prices," and concludes by "calling upon the Government to fulfill its pledges to the immediate introduction of a measure to provide against dumping, etc." They continue by saying that "actual cost of production in Czechoslovakia is greatly in excess of that in Great Britain," and then, to show how the low value of the money of Czechoslovakia affects the situation, they relate that "a glass sugar dredger of Czechoslovakian manufacture is offered to British silversmiths at 160 crowns per dozen, which equals at the

prewar rate of exchange, say, \$32.36," and that "British glass manufacturers could sell this article to-day at a profit at \$7.29 per dozen. Owing to exchange the price actually paid by the silversmiths is approximately \$2.55 per dozen."

ENGLISH MONEY.

The money exchange is a determining factor, the English money being 30 per cent below par. I cite the following terms of English money and the amount they represent in United States currency:

One penny-----	\$0.02
Threepence-----	.06
Sixpence-----	.12
Shilling-----	.24
Florin (2 bob)-----	.48
One-half crown-----	.60
Ten shillings-----	2.40
One pound (£)-----	4.86
One guinea-----	5.10

ANGLO-CZECHOSLOVAKIA TRADING CO.

This company has an office at No. 14 Hanover Square, W. 1, London. Here we inspected an array of samples. The men in charge took pride in comparing their glass with Belgian-made, and offered to sell us cordials made in Czechoslovakia at a price of 84 cents a dozen, as compared with a similar article from Belgium which cost \$1.68 a dozen.

They offered to sell us 10-inch white shades, blown in a paste mold, for \$2.88 a dozen; electrics at \$2.16 a dozen, and hexagon-shaped electrics at \$3.36 a dozen, package free, and they would stand 5 per cent breakage. They concluded with the statement that, even though our tariff was increased 100 per cent, they could put the ware in America cheaper than we could make it. Following are some prices quoted by another jobber in England:

Duplex chimneys-----	per gross--	\$17.28
No. 10 bulge chimneys-----	do-----	23.04
No. 8 bulge chimneys-----	do-----	21.60
No. 10 line Kosmas-----	do-----	9.36
No. 6 line Kosmas-----	do-----	8.64
9-inch opal shades, 2½-inch fitter-----	per dozen--	2.76
10-inch opal shades, 2½-inch fitter-----	do-----	2.94

The following prices were quoted with packages free and breakage guaranteed not to exceed 5 per cent. This ware comes from Sweden and Czechoslovakia.

A pressed fluted-bottom soda tumbler was brought to our attention. This article was made in the United States and cost \$1.28 a dozen laid down in London, while a Belgian manufacturer has substituted a paste mold tumbler of like capacity with cut flutes at a price of 84 cents a dozen.

Our information was to the effect that the selling price of flint glass in England had increased during the past six years from 300 to 400 per cent.

CHEMICAL WARE.

At Blackhorse Lane, about 9 miles out of London, the United Glass Bottle Co. has a plant in which they are making chemical ware. They have two square furnaces of four pots each and one hexagon-shaped furnace holding six pots, each pot holding 900 pounds, and three melts are secured from each pot each week.

The workers, all of whom are quite young, gather and blow their own ware from the time they are first allowed to go on the foot bench. If they are not competent workmen at the age of 18 they are discharged on the theory that they will not make "good." The ages of the workers range from 14 to 24, but only two were over 20 years. They work 8½ hours, piecework, taking "15 minutes for tea" each turn and making other stops during the turn. They earn about £4 (\$19.44) per week. They were making beakers, flasks, and similar articles.

Practically all girls were employed in the lamp room of this plant; most of them were under 16 years of age, the law permitting children of 14 years to

work. However, the new law will raise the age limit to 16. These girls were paid from 15 to 20 shillings (\$3.60 to \$4.86) a week.

ELECTRIC BULBS.

In the making of electric bulbs each man gathers and blows his own. At the Bolton Mills plant, Wordsley, we were advised that the price paid the workmen was 63 cents per 100. Our wage scale calls for \$1.54 per 100 for gathering and blowing similar bulbs. The average production was from 850 to 900 each day of nine hours.

In Lemington we found four 10 and four 5 pot furnaces from which bulbs and tubing were being made. This company employs 180 bulb workers. All bulb workmen gather and blow their own. Six men work from one pot and use only one marvelor and two molds. The marvelor is placed between the dummies on which the molds are worked. Three men work from one end and three from the other end of the marvelor. The marvelor is about 4 feet in length. The workmen follow one another like bottle blowers, three blowing in each mold. They formerly worked three shifts in this plant, while now they work only one shift of seven hours; 8 to 12 and 1 to 4. The pots hold only 800 pounds and are filled each evening, the glass being melted at night and ready to work the following day. The workmen work in the same place all the time. The average production in seven hours was 667 pieces per man. Strange as it may appear, the management at Lemington informed us that his production is greater with one shift than it formerly was when they operated the plant on a three-shift system.

Before the war they paid 18 cents per hundred to workmen for gathering and blowing their own. They now pay 40c per hundred, plus 20 per cent. In addition to this they pay a bonus on "mass" production. This requires that the production must average better than 3,200 per man per week. To encourage men to come to work they are guaranteed 84 cents if they report for work and only make a few bulbs. The ages of the workers range from 15 to 22 years. The pots are elevated and the workmen work on a foot bench like at a continuous tank. The dummies are on a level with the foot bench. The ware is selected in the factory. Their product is not as good as that made in America, and the selection is very liberal. They also have the Westlake machine installed at this works.

CONDITIONS IN SCOTLAND.

At the Norton Park Works, Edinburgh, Scotland, they have two furnaces, one 12 and the other 10 pots, and employ 36 bulb shops. The ages of the workers range from 13 to 28 years, the majority of whom are under 22. When we were there they had but one girl making bulbs. She was working out of a pot with three men. Each workman gathers and blows his own. Four shops are placed in one pot. In most cases each workman has his own marvelor and mold. Little time is spent in marveling the glass, and they go in the mold with the glass much hotter than do the American workmen. They are paid as follows:

	Per 100.
Miniatures -----	\$0.44
No. 17 -----	.54
No. 19 -----	.56
No. 21 -----	.62
No. 40G -----	1.02

Those who earn as much as \$14.76 in a week are given a bonus of \$1.20. If they make 600 good bulbs each day in the week and work 42½ hours they are given an additional bonus of \$1.80.

Those making 40G are expected to make 400 a day, and generally produce 600. Those making miniatures produce about 700 per day. They do have three men working from one pot, who generally make 1,000 ordinary bulbs each day.

PRESSED WARE.

At Newcastle-on-Tyne we found that the hours worked by the pressed-ware workmen ranged from 30 to 36 per week. The gatherers, pressers, and finishers receive the same wages for the work they perform. They are members of the

Pressed Glass Makers' Society. They limit production and the employers pay for two-thirds of the chipped and broken ware that comes from the lehr.

Some time ago the pressed-ware workers worked a three-shift system in all plants, but the workers have refused to work after 10 o'clock at night, with the result that they have only two shifts, one starting at 6 in the morning and finishing at 2, and the second shift starting at 2 in the afternoon and finishing at 10 in the evening. Deducting time spent at meals and "tea," the pressed-ware workmen do not produce in excess of 7 hours per day and in no instance will they work in excess of 7 hours and 15 minutes.

While in Davidson's plant, New Castle, a shop was making a Holophane shade about 7 inches in diameter and 5½ inches deep. The presser advised us they made 835 a day and each man in the shop was paid \$3.85 for producing this number. Gatherer, presser, and finisher were employed. The gatherer pulled off his bits in the pot.

Many of the presses in England have the lever on the left-hand side, keys are made to be used just the opposite to those used in America, while many presses are without springs.

LIVING COST PRICES IN BRITISH ISLES.

The increase in the cost of living throughout the British Isles, during the past six years, may be judged from the following:

	Per cent.		Per cent.
Beef.....	136	Sugar.....	335
Mutton.....	139	Milk.....	203
Bacon.....	173	Butter.....	172
Fish.....	135	Cheese.....	141
Flour.....	168	Margarine.....	75
Bread.....	161	Eggs.....	228
Tea.....	75	Potatoes.....	177

The cheapest things noticed in England were hair cuts and shaves, the former costing 16 cents and the latter 8 cents.

Wages paid in England before and after war.

	1914	1921		1914	1921
First-class caster place gaffer..	\$1.86	\$3.24	Inverted electrics, etc., gaffer..	\$1.68	\$2.97
First-class caster place servitor	1.32	2.61	Inverted electrics, etc., servitor	1.16	2.45
First-class caster place foot-maker	1.00	2.29	Inverted electrics, etc., foot-maker	.92	2.21
Second-class caster place gaffer	1.68	2.97	First-class wine gaffer.....	1.80	3.09
Second-class caster place servitor	1.20	2.49	First-class wine servitor.....	1.20	2.49
Second-class caster place foot-maker	.96	2.25	First-class wine footmaker....	.92	2.21
Large lamps, shades, etc., gaffer.....	1.80	3.09	Chimneys, all classes, gaffer...	1.38	2.67
Large lamps, shades, etc., servitor.....	1.20	2.49	Chimneys, all classes, servitor.	1.02	2.31
Large lamps, shades, etc., footmaker.....	.92	2.21	Chimneys, all classes, foot-maker	.88	2.17
			Second-class wine gaffer.....	1.56	2.85
			Second-class wine servitor.....	1.12	2.41
			Second class wine footmaker..	.92	2.01

The foregoing figures are for a turn of 6 hours.

RAILROADERS POORLY PAID.

While it is a deviation from the general purpose of this report, still it may be interesting to learn that the average wage of all railroaders in England is but \$18.24 a week.

ABSENCE OF UNIFORMITY.

The workers in many instances limit production and seem to work only the number of hours and days they desire. The working hours per day range from 7 to 9½. In some glass factories there is no work on Saturday, Sunday, and Monday, while in others they are idle Friday, Saturday, and Sunday of each week; still others work 5 days a week. The absence of uniformity is

due to local instead of national agreements. Production and wages vary in different localities.

The glassworkers of England are divided into six organizations, hence their energies are not concentrated. It is our information that they admit only skilled workmen to membership.

LABORERS SET POTS.

While we failed to make inquiry in all places relative to who set the pots, nevertheless what information we did secure in those instances where we sought this knowledge was to the effect that the laborers did the work of pot setting.

They have no summer stop in England in the same sense that we have, but the men may take vacations. In 1920 one company worked two-thirds time for a period of three weeks, leaving one-third of the working force off each week, during which time the workmen were paid their regular wage.

The workmen in England generally report for work from 15 to 20 minutes before starting time.

Girls are employed quite extensively in doing stopper grinding. In one plant we witnessed 17 girls doing this class of work, and from the information given us we estimated they earn about £3, or \$14.58 a week.

An effort is being made to have crippled soldiers placed at work in the industry, this plan being encouraged in the engraving, cutting, lamp working, and other departments where they may be able to meet requirements. At Sheffield they have a school in which the Government is putting forth an effort to train lamp workers, and they are succeeding, too, having about 21 men employed, and samples of their work are available for inspection and indicate progress.

In order to obtain results in the operation of the Owens machine in a suburb of London, the United Glass Bottle Co. has adopted a plan providing for four shifts of workmen, who work on a three-shift system. They work their plant seven days and nights a week, or 168 hours, but each individual workman is on the job only 42 hours in the week. Coal costs this company \$12.12 a ton.

The John Walsh Walshes plant is in Birmingham. This company makes an exceptionally fine line of cut glass, employing about 50 glassworkers and 60 cutters. This factory has been operating 120 years. We were advised by Mr. Wood that potash was costing his company £110, or \$534.60 per ton.

The wages of cutters (and they have some very highly skilled cutters in England) average about \$20.50 a week of 48 hours.

At Stuart & Sons' Redhouse plant we witnessed a shop making a blank jug for cutting by the off-hand process. The workmen were required to make only 28, while our move is 56. I was acquainted with one of the men in the shop, who formerly did the same class of work in Somerville, Mass., and he informed me he could make 56 in the States as easily as he could make 28 where he is now working.

In Stourbridge we saw 21 copper wheel and 12 stone engravers working in one shop—that of Welbs & Corbet—and it is our information that all the work that was being done on the occasion of our visit was for the Tiffany Co. of New York. It was certainly a fine grade of ware.

Mold makers in the New Castle district work 44 hours and receive a wage approximating \$21 per week, while in the London district they are paid 64 cents an hour and work 48 hours for a week's work.

ENGLISH PRODUCT CAUSES NO ALARM.

Other than the ware made for the Tiffany Co., I saw nothing in the British Isles to cause us alarm over the probability of the English product being sent to this country in competition with our own, unless, perchance, the value of their money decreases considerably below its present valuation, thereby giving them an advantage similar to that enjoyed by other countries whose money is far below par.

BELGIUM.

Since the signing of the armistice there has been a tremendous change in working conditions in the flint-glass trade in Belgium. Prior to the war the workmen worked 60 hours a week. Now, however, they have a 48-hour week.

After the war the employers, it seems, tried to take advantage of their workmen. But the men, accustomed as they were to hardships, did not hesitate

when their leaders advised a general strike. They migrated to northern France and there found employment, and they remained there for a period of five months. Then all the employers, except one, so I was informed, united in an appeal to the Government to induce the men to return. This they agreed to do, and the result was their industrial conditions were greatly improved.

The Belgian glassworkers have an industrial form of organization, admitting to membership skilled and unskilled workmen, male and female. Previous to the war they had enrolled only 1,591, but their membership at the time of my visit was 8,699. Included in this total are as many of the working men and women employed around a plant doing other than skilled labor as it was possible to have affiliated with the union. In some factories they have a greater percentage than in others.

THE VAL ST. LAMBERT WORKS.

On May 1, 1920, night work was completely abolished in the flint-glass industry and the hours reduced from 10 to 8, with one exception, that of the Val St. Lambert plant, and this concern agreed to discontinue this practice on May 1, 1921.

The Val St. Lambert plant is, I believe, the most thorough and complete glassworks abroad, and turns out a line of glassware superior to any that came to my notice on our journey. This company began business in 1835. It has a display room connected with the works which is approximately 80 by 130 feet, and in this room is assembled the greatest variety of fine glass that I have ever seen. The company has two factories, comprising 13 furnaces, 16 pots each, and each pot has a capacity of 1,400 pounds. Nine furnaces were in operation when we were in Belgium, five of which we had the privilege of visiting.

Punch tumbler shops are composed of three blowers, working American system, each blower gathering and blowing his own article. The dummy is placed in the floor and is operated by the blower, who works on the same level as the factory floor. A boy is seated in a chair and to him is handed the tumbler when the blower takes it from the mold. The boy cuts the neck down with a pair of tools, after which the tumbler is knocked from the pipe, the pipe cleaned by the boy and placed conveniently for the blower. It was stated for our information that a shop composed of three men making an 8-ounce sham tumbler would produce 800 pieces for a day's work, and each man would receive from 24 to 32 francs (\$4.63 to \$6.18) for the labor performed.

All the stem ware that was being made in the plant was of the cast leg and foot variety; no drawn stem articles were being produced, but the cast stem ware is certainly in a class by itself. Many stems were exceedingly long and delicate.

Punch tumblers are taken to the selecting room, cracked off, and then returned to the factory proper, where they are placed in a cup and inserted in a glory hole, where a blast fire is thrown on the edge, much in the same manner as we blast blanks in America. This work was being done by girls.

Tumblers, goblets, chimneys, and kindred ware are cracked off, ground, washed, wrapped, and in some instances, packed by girls, who receive 12 francs (\$2.32) a day for their labor. A modern grinding machine was so constructed that from 50 to 60 chimneys would be on the grinder at the same time.

A press shop was making a plain block mold whisky. The shop was composed of two gatherers, presser, finisher, carrying-over boy, three plugging-up boys, and a carrying-in boy. The press was situated about 18 feet from the pot. The glass appeared to be rather soft natured, allowing each gatherer to gather two at a time.

Another press shop was making a vault light 12 by 12 out of lead glass and weighing about 9 pounds. The mold was bolted to a plate, which moved in and out on the press plate in the same way that a planer works in a mold shop, it being operated by a windlass effect, thereby saving the presser the labor of trying to place the mold under the plunger accurately. In this instance the presser was cutting off the glass with a pair of shears about 2 feet long, which resemble the shears that are used by a hedge trimmer. After the glass was severed from the punty the presser would lay the shears aside, take a rake and push the glass into the four corners of the mold. The mold was then placed under the plunger, the lever pulled in the opposite direction, and when the article was "filled" a weight was hung on the lever to keep the plunger in the mold while the presser walked around the press and aided the turning-out boy, who, during this time, was caring for the article that had been previously made.

All the press shops employed in this plant had a pot to themselves. The lever, as a rule, was on the left side of the press, and in practically all instances the gatherer dropped the glass in the mold by reaching through from the rear. Lead glass was used in producing much of the pressed ware made in this plant, this being particularly the case in its application to peculiar-shaped articles that otherwise would be hard to fill.

The Val St. Lambert Co. employs approximately 5,000 people. Previous to the war the plant was operated nonunion, but is now recognized as union. The work formerly was done on a piece-work basis, but now they pay their workmen turn work. The men formerly worked ten hours for a day, whereas eight hours constitutes a day's work at the present time. An official of the company informed us that the average wage of the glassworkers was from 24 to 32 francs (\$4.36 to \$6.18) a day, although the head of the union, Leon Gris, led us to believe that this figure was higher than he understood was being paid in the plant.

In talking to Secretary Gris he gave us an estimate of the wages paid to the employees of the Val St. Lambert plant, as follows:

Boys, 8, 10, 12, 15, and 16 francs (\$1.54 to \$3.08) a day.

Gatherers, 18 to 20 francs (\$3.47 to \$3.86) a day.

Blowers, 22 to 24 francs (\$4.25 to \$4.63) a day.

Gaffers, 25 to 26 francs (\$4.83 to \$5.02) a day.

Cutters, 23½ francs (\$4.54) a day.

Special workmen (big ware), 30 to 32 francs (\$5.79 to \$6.18) a day.

What is known as the head cutter, that is, a man who is at the head of a shift (otherwise known as a crew) composed of 25 to 30 men, receives 25 to 26 francs (\$4.83 to \$5.02) a day. There are about 1,200 people employed in the cutting department, and while 23½ francs is the established wage of the men employed here, the cutters working at La Murse receive 28 francs (\$5.40) for cutting lime glass. The men employed in seven other cutting shops in the immediate vicinity are paid a minimum wage of 40 francs (\$7.32) a day.

We were given to understand that the Val St. Lambert Co. would be required to pay a wage similar to that paid in other localities, and if they failed to do so the Government would come to the aid of the workers in insisting that it be done.

Plated ware made at this works is superior to any I have ever seen. The plate is on the outer side, as a rule, and when the article is taken to the cutting shop the design is cut through the outer surface, allowing the rich crystal to be exposed where the colored glass has been removed. This company has established an enviable record on this class of goods.

In this plant paste mold chimneys were produced in large quantities, blown two at a time, and the dummy placed in the floor, which made the labor more agreeable to the workmen.

We were informed by an official of this concern that the firm did not export lighting goods to the United States to an amount worth mentioning, but that they had sent other ware valued at 1,000,000 francs during the month of November, and on November 1, 1920, a shipment amounting to 600,000 francs was exported to the United States.

While visiting the Val St. Lambert plant we observed women doing work generally done by men in this country. For example, they were working in the mixing room shoveling sand and soda amidst the dust and dirt that go with such disagreeable labor, and they were likewise doing finishing work in the packing room to a greater degree than that done by women and girls in the United States.

Belgian workers in the flint-glass industry receive what might be termed a guaranteed, or minimum wage. If a workman reports for work and there happens to be no glass, or if for any other reason he might be prevented from working, after he has reported, he is paid this guaranteed minimum wage.

Mold makers receive from 26 to 28 francs (\$5.02 to \$5.40) per day in all shops where they are employed in Belgium.

The skilled workers set the pots at small plants, but not in those plants where sufficient workmen can be secured to relieve the skilled workmen of this task. They are financially compensated for their labor, however, and in addition a beverage is furnished by the company.

The increased cost of living since 1914 amounted to 370 per cent, while the wages of the glassworkers were increased about 320 per cent. In some few instances the increase amounted to 400 per cent.

DAYWORK—PIECEWORK.

We were reliably informed that nine plants, employing 5,700 workers, pay their workmen on a turn-work basis, while 26 plants, employing 3,800 workers pay their workmen on a piecework basis. This indicates that 60 per cent of the workers were paid daywork, but the secretary of the union informed us that fully 70 per cent were paid on a daywork basis. In addition to this the guaranteed minimum wage protects all workmen.

After 10 years' service the Val St. Lambert company will supply a house for any workmen at a rental of 3 per cent on the investment. If the workmen will pay 3½ per cent for a period of 20 years, the property will then be deeded to them.

They have no summer stop, such as prevails in our country, but the workers do have four holidays in one week in the month of August, and for this idle time they are paid their regular wage.

I witnessed boys 14 years of age gathering bits and, in some instances, bowls for goblets. A few boys 16 years of age were blowing goblets and punch tumblers.

In the Val St. Lambert plant we found that the dummies used in connection with paste mold shops were inserted in the floor so that workmen worked on the same level as the factory floor.

Sufficient pipes were furnished practically all of the shops to permit the molling to crack from the iron without the necessity of a cleaning-off boy doing the work in the customary way that it is done in America.

We were advised that the Val St. Lambert company owns 600 houses which they allow the employees connected with the molten-glass branch of their industry to occupy rent free. The company also furnishes the means for heating them.

Because of the absence of night work and the fact that the shops generally work in the same place each day, men are required to report only about 15 minutes before starting time in order to prepare to begin work.

The production in Belgium is not limited by agreement, but the impression we gained is that the workmen do not exert themselves to produce ware in large numbers, and in order to discourage speeding they do not ask pay for pieces made in excess of the listed move.

The manufacturers have an organization comprising practically all the glass manufacturers of Belgium, with the exception of the Val St. Lambert concern, and they are doing what they can to establish a universal wage.

Workers are not paid for stones and cords when working on piecework jobs, but the employers are very attentive to the grade of work turned out and endeavor to have articles produced in which such blemishes are not perceptible.

The Val St. Lambert works were working only six hours a day, owing to bad trade conditions.

We observed that many Belgian workmen possessed superior skill in handling their glass and blocking it into a shape that enables them to make an article with less labor than the average American workman would devote while producing a similar article. For example, it was nothing unusual to see a blocker with his block shaped somewhat after the style of the article when it was completed, such as blocking a piece of glass from which a double article might be blown and a groove started with the block to show where the glass should divide when the double articles were completed. Again, a man making a square cologne would block the glass and draw the neck, then take a pair of carbon tools and square the body of the glass before entering the mold, thereby having his molten glass practically in the shape of the finished bottle before the mold was closed.

LA MURSE WORKS—NAMUR.

In this plant we watched the workmen making drawn and cast stem goblets, punch tumblers, and press ware on a small scale. This is a very old plant. All paste mold shops had their molds on the level of the floor and used a dry paste, making it unnecessary to wet the molds.

There are three furnaces at this works, two 12-pot and one 9-pot. They were operating only one 12-pot furnace. The capacity of each pot is 1,400 pounds.

The head of this company informed us that they paid 145 francs (\$27.98) per ton (22 hundredweight) for a very poor grade of coal, which we recognize as slack.

At the time of our inspection of this factory a shop was making a heavy drawn-stem goblet with a large button on the leg, and we were informed they produced 600 for a day's work. The foot caster, we noticed, would have two articles on his chair at the same time. When the leg would run crooked he would grasp an ordinary piece of brown paper, which was folded to the thickness of about 1 inch, and water-soaked, and with this paper in his hand would refashion the leg and bottom of the bowl of the goblet.

Punch tumbler shops were making an 8-ounce sham and an 8-ounce light, both working to a move of 600 for a day, but when a mold boy was furnished the shop made 650 pieces. Each shop was composed of two blowers, who gathered and blew their own product.

The men who work in this plant are never sent home because of bad glass or shortage of glass. They are furnished employment of some nature, and for this are paid their guaranteed wage.

Here we observed gatherers ranging in age from 14 to 70 years. Also we noticed that the glory holes were fired with coal and worked exceedingly well.

The laboring men set pots in this plant. They are referred to as the "auxiliary" workmen.

The glass factories of Belgium were working about three-fourths time.

There are 1,200,000 workers in the country and 720,000 are organized, this being 60 per cent.

Children are not allowed to work before they are 14 years of age.

Window workers work seven days a week, being paid time and one-half for Sunday.

Glassworkers of Belgium have a guaranteed minimum salary. If they are deprived of work because of the shortage of glass, bad glass, broken pots, lack of fuel, and other causes, they are paid their minimum wage.

The average wage per day for some of the workmen in Belgium is given as follows: Glassworkers and cutters, 25 to 40 francs (\$4.83 to \$7.72); laborers and furnacemen, 20 to 28 francs (\$3.86 to \$5.40); boys, 7 to 10 francs (\$1.35 to \$1.93); women and girls, 8 to 14 francs (\$1.54 to \$2.70).

As an indication of the mental change of the workers in Belgium it was stated that previous to the war it was almost impossible to induce the men to strike, while now great difficulty is encountered in order to keep them from striking.

HOLLAND.

Our stay in Holland was of short duration. The information imparted to us by the officials of the Dutch Union, whose headquarters are at Delft, was to the effect that the organization is composed of 2,500 glassworkers and 800 pottery workers. The president of the union, Mr. S. P. Baart, is a pottery workman by trade.

The glassworkers work 45 hours per week, or 8 hours a day and 5 hours on Saturday. Their wages range from 30 to 50 guildens (a gulden is equivalent to 40 cents) a week, but we were informed that the average wage would be approximately 45 guildens, or \$18, per week. Wages have increased 125 per cent in the past four years, 20 per cent of this amount being received during the past year. All workmen work on a piecework basis. They have no summer stop.

The bottle blowers have a guaranteed wage, which is equivalent to one-third of their earnings, and this amount is paid to them when their plants are closed, regardless of why they are closed. This, however, does not apply to flint-glass workers, for the reason that pot furnaces are held in reserve, the result being that flint workers do not lose time due to rebuilding furnaces; hence a guaranty is unnecessary.

There is no night work in the glass industry in Holland, this practice having been discontinued years ago. It was abolished in the bottle trade in 1916 after a strike of three months' duration.

The child-labor laws of Holland prohibit children under 15 years of age working in a glass factory.

The laborers set pots in the flint-glass industry in Holland.

Our Holland brethren complain that glassware is now being imported into Holland from Czechoslovakia and Germany.

Previous to the war the manufacturers in Holland secured coal from Germany at a cost of \$3.60 a ton, but at the present time they are using American coal, which costs them \$30 a ton in American money.

The outbreak of the war brought about a complete breakdown of the glass industry in Holland. The failure of coal imports caused an entire cessation of work and all the factories without exception were compelled to close down.

THE INTERNATIONAL CONGRESS.

Just previous to reaching Holland I was advised that Secretary Baart had been authorized to issue a call for the International Congress to convene in Amsterdam on March 26, 1921. I endeavored to persuade him to advance the date for holding the congress to February, promising if this were done that I would be in attendance. Unfortunately, however, because of the difficulties encountered in traveling from one country to another, the red tape connected with securing passports, and many other obstacles, he could not grant my request. Nevertheless he suggested that I write an address for the congress, which I did. I am incorporating herein the communication that was sent in compliance with the invitation extended by brother Baart.

PARIS, FRANCE, *February 28, 1921.*

Mr. S. P. BAAET, *Delft, Holland.*

DEAR SIR AND BROTHER: Since it has been decided to convene the International Congress in Amsterdam on March 26, and finding it impossible to remain until that date, I take this means of conveying to the officers and representatives in attendance the fraternal greetings of the American Flint Glass Workers' Union and express the fervent hope that your deliberations will bring beneficial returns to the men and women employed in the glass industry of all countries.

Our organization not being affiliated with the international (owing to the great distance that divides us), it seems out of place for me to intimate even the course of action that should be pursued, but I feel that I may offer a few comments which I hope will be accepted in the spirit of fraternity.

Having traveled through England, Scotland, Ireland, Belgium, Holland, Germany, Czechoslovakia, Austria, Jugo-Servia, Italy, and France in the interest of the American Flint Glass Workers' Union, there came to me an opportunity of making observations from an impartial standpoint, and I have reached the conclusion that all of the men selected to direct the affairs of the glassworkers of the countries enumerated are intelligently, faithfully, and conscientiously exercising every effort at their command to further the interests of those whom they represent.

But there was one thing that attracted my attention quite frequently in my travels, and it is something I deplore. As an impartial person and one who greatly appreciates the services rendered to him and the friendship formed with many of the men who will take part in the congress, I feel justified in making reference to the subject in mind. I refer to the feeling of hate engendered because of the war.

To me it seems that we should all bear in mind that even though all the glassworkers of all countries were opposed to war, their power and prestige would still have been of no avail and the war would have followed just the same, hence the glassworkers or their representatives should not be held responsible for what has occurred. Whatever happened in the past should be forgotten and we should all rise to the occasion that confronts us now, set aside any ill will that has continued to exist, so that the principle of "united we stand, and divided we fall," can animate all. In this way let us strive to elevate the glass manufacturing industry to a higher plane in the industrial world than it has yet occupied.

It seems that the most essential thing to do is to supplant mistrust with a feeling of confidence and good will, thereby utilizing the intelligence, experience, and practical knowledge of all the men who understand the problems that are constantly confronting those employed in this industry. If the leaders in the movement can not be united; if their ability and prestige can not be concentrated, then it naturally follows that the interests of those who look to these leaders for guidance will not receive the benefits they hope to obtain and to which they are entitled.

My trip to Europe was made necessary because of the experiences we have encountered in the years that have passed. Perhaps many of you are aware that the glassworkers of America have suffered on account of ware being laid

down on our shores at a price less than that paid our members for making identical articles, and when we added to this the cost of material, unskilled labor, overhead and other necessary expenses entering into the making of the ware, we were at such a disadvantage that one of two things had to be done— increase production and decrease wages or allow our members to remain idle and permit our market to be supplied with glassware from those countries where wages were low and working hours long. What did we do? Our records will show that after thorough investigations were made, during which time our members were idle, we doubled our production on some articles for the same wage and decreased wages on others.

The recent war gave us temporary relief from this unfair competition, and the result was that wages were increased, hours decreased, and conditions improved on those same articles. Since the signing of the armistice, however, we find that our markets are again being invaded and we now ask: Shall the glassworkers of America be required to make additional sacrifices of working hours and wages in order to retain an opportunity to work at their trade?

This is a grave problem. It not only affects the men I speak for, but I find this same competition is more acute between some of the countries of Europe than it is between Europe and America. Does not this question alone demand the best thought of the best men identified with the glass industry? Would it not be possible to remove ruinous competition among the workers of the different countries of Europe by the adoption of a universal wage list? This would make the skilled labor cost the same in each European country.

Here I may relate that in North America we have an universal wage list that applies throughout the trade and makes the cost of production (in so far as the skilled labor cost is concerned) the same in all localities; that is to say, whatever wage a workman in New York is paid for making a given number of a certain article, another workman, whether in San Francisco or Canada, shall receive the same wage for making an equal number of pieces of this same article.

If a plan of this character could be worked out, or if some other course could be devised that would remove the competition that now requires workers and manufacturers in one country to ask their government for a tariff on imports, or the raising of a barrier in their country against the product of the men employed in another country, then a step forward will be taken.

I have hopes that if something can be done by the Congress to meet this evil in a way that will contribute to the end sought, then your comrades in North America will meet the issue by means other than that of increasing production or decreasing wages, as heretofore.

It is only natural, however, for our members not to remain in idleness while the product of the toil of their brothers across the sea threatens our livelihood and makes this course necessary, hence I appeal to the Congress that something be done to prevent ware being sent to America at a cost less than it can be produced there because of the wages paid our members.

It is gratifying to record that I found conditions in the glass trade in Europe better than I anticipated. Hours are shorter and wages are higher than I hoped to find. Child labor laws have been enacted and much night work abolished. These are signs of progress. Let the good work continue and we shall rejoice over your accomplishments.

In America we, too, have made progress, but not as much as we have hoped for. In many respects those employed in the glass trade of America enjoy better conditions than the men doing like work in Europe, while in other particulars you have better conditions than prevail in America. It shall be our aim to endeavor to retain those things which are good, and achieve those that will give improvement where it is needed.

In many of the European countries I found all glassworkers in one union, and in most of the countries all the men and women engaged in the industry hold membership in the union. In America it is different, as only skilled workers are admitted to our union. There are three separate organizations in America composed of glassworkers; namely, window, bottle, and flint workers. The writer represents the latter.

The membership of the American Flint Glass Workers' Union consists of 9,841 skilled workmen. We have 15 separate departments in our organization. They are: Press, cutting, punch and stemware, bulb, mold making, paste mold,

caster place, iron mold, shade and globe, machine press, insulator, engraving, stopper grinding, and lamp working.

Our hours range from 40 to 48 for a week's work. The working hours are not the same in all departments. The average wage of all our employed members during the past year was \$30.63 per member per week.

The organization holds a convention in July of each year. An annual conference is held with the representatives of the employers each year. Our agreements are made for one year, and expire the first Monday in September. Our agreements apply universally. When a dispute arises work continues as though nothing had occurred until settled by an officer of the union or by a joint conference composed of representatives of the manufacturers and the workers.

Trusting the congress will be a success and that the conclusions reached will justify meetings being held more frequently, and at the same time assuring you of my desire to render any assistance to the furtherance of the cause, I am,

Fraternally, yours,

WILLIAM P. CLARKE,
President American Flint Glass Workers' Union of North America.

INTERNATIONAL SECRETARY.

The International Congress at its meeting this year made a change in the office of secretary. Emil Girbig, head of the German organization, had held the position from 1908 to 1921. The recent congress, which was held at Amsterdam in March, chose Charles Delzant to succeed Girbig. Delzant has been at the head of the organization of French glassworkers for the past 21 years. His office is in Paris. We wish him every success.

GERMANY.

We were well received by the workers in Germany. Men could not have been treated with greater courtesy or accorded more consideration than was extended to us. We found it advisable in our efforts to secure accurate data of conditions governing the German glass industry to submit a questionnaire, and I am incorporating herein our questions, and the answer made in each instance has been joined to the question so that the information can be easily grasped.

BERLIN, GERMANY, *December 29, 1920.*

Mr. EMIL GIRBIG, *Secretary, City.*

DEAR SIR AND BROTHER: I extend to you and to your comembers the fraternal greetings of the members of the American Flint Glass Workers' Union of North America, and express the hope that as the years advance the common interest of all the workers employed in the flint-glass industry shall continue to improve.

The fact that readjustment is coming in America and uncertainty and misunderstanding abound caused me to hasten my journey abroad. After deciding to come at this time I requested the National Association of Manufacturers to send a representative with me. The outcome of my suggestion was that Mr. Thomas W. McCreary has accompanied me on my journey. I was actuated in my request to have a representative of the manufacturers with me so that when I return there can be no doubt as to the accuracy of the statements that I may make.

For your enlightenment it appears proper that I relate that it is understood in America that the workers in the flint-glass industry in Germany are working 10, 12, and in some instances 14 hours a day and seven days a week. While we were in England we were informed that it was the opinion of many people in England that the rumor afloat in America was true. From this you can see the wisdom of our joint investigation.

We were hopeful that Mr. McCreary and I might not only secure facts as to the true conditions, but that we might also have an opportunity to visit several plants, see the men at work, and allow us to discuss our mission with the employers. If this can be arranged it will aid us greatly in our labor. In any event, we would like to have you or your representatives make answer to the

Following questions, and they are reduced to writing as per our understanding with Vice President Grunzel:

Question 1. How many factories in Germany make flint glassware?

Answer. 180-190.

Question 2. How many hours do your members work per day?

Answer. At the most, eight hours.

Question 3. How many hours do your members work per week?

Answer. At the most 48 hours.

Question 4. Do your members work more than one shift in 24 hours?

Answer. Only in a few factories in Rhineland and Westphalia.

Question 5. If they work more than one shift, then how many shifts do they work and how many hours constitute a shift?

Answer. As far as we know they work two shifts in the factories mentioned in question 4; at the most eight hours per shift.

Question 6. How long before starting time are your members required to report at the works in order to arrange their shops?

Answer. Occasionally a quarter of an hour; more often shortly before starting time.

Question 7. Do your members work night turn?

Answer. Only in those factories mentioned in question 4.

Question 8. How many hours do your members work on Saturday?

Answer. The same as on other days; in a few factories they work a lesser number of hours.

Question 9. Do your members work piecework or day work?

Answer. Ninety per cent work piecework and 10 per cent daywork.

Question 10. Do your members work for less wages on goods that are made for export?

Answer. Such conditions never existed.

NOTE.—I feel that it is due the German workmen to record here that I was convinced that the charge that they work for a lower wage on ware intended for export is incorrect, and in all probability it was the result of an honest misunderstanding.—*Clarke.*

Question 11. Who sets the pots in your furnaces, skilled or unskilled workmen?

Answer. Skilled workers.

Question 12. If skilled workmen set the pots then what pay do they receive for doing this work?

Answer. Seven and a half marks (\$1.79) per man per hour.

Question 13. Are pots set after regular working hours?

Answer. Practically all the time.

Question 14. If glass is not in condition to work at regular starting time and the men are kept in idleness or sent home, then are they paid their average wage for the time lost?

Answer. Yes.

Question 15. Can the manager insist on skilled workmen doing ordinary labor while waiting on glass and for this labor pay them their regular wages?

Answer. Yes.

Question 16. If men refuse to work doing ordinary labor will they receive their regular wages?

Answer. In such instances manufacturers are not obliged to pay the regular wages, but in some cases they do it by private agreement.

Question 17. If workmen are paid as suggested in questions 14, 15, and 16, then how long has this law been in force and is it a conference agreement?

Answer. Since January, 1919, and it is a conference agreement.

Question 18. Are the wages, hours, and working conditions mutually agreed to by representatives of the manufacturers and workers in joint conference?

Answer. Yes.

Question 19. Do your agreements apply universally throughout Germany?

Answer. Yes.

Question 20. If agreements are not universally applied, then relate details.

(See answer to question 19.)

Question 21. What was the average wage for the flint-glass workers in 1914?

Answer. Forty to 50 marks (\$9.52 to \$11.90) per week.

Question 22. What is the average wage of the flint-glass workers now?

Answer. Gaffer, 500 marks (\$119); blower, 500 marks (\$119); blocker, 280 marks (\$66.64); gatherer, 200 marks (\$47.60); presser, 500 marks (\$119); finisher, 500 marks (\$119); gatherer, 450 marks (\$107.10).

Vice President Grunzel stated that the wages have increased to a point where the average is at least 500 marks (\$119) per week. He illustrated his point by saying that out of 1,000 men 700 would earn at least 450 marks, 280 would earn far in excess of 450, while 20 would earn less than 450 marks.

Question 23. How many hours did your flint glassworkers work per week in 1914?

Answer. At the most 54 hours.

Question 24. What workmen do you admit to membership in your union?

Answer. All who are employed in the trade.

Question 25. How many workmen are engaged in the flint-glass industry of Germany?

Answer. Twenty-five thousand.

Question 26. How many workmen hold membership in your union? Please give details, that is, flint, window, plate, and bottle workers.

Answer. Flint glassworkers, 28,000; window glassworkers, 8,000; plate glassworkers, 1,500; bottle workers, 9,000.

Question 27. Are all the flint glass plants operated by men holding membership in your union? If not, then how many are working independent of the union?

Answer. Three to five thousand are independent.

There is a Christian organization composed of about 3,000 members who do not hold membership in the regular union because of conscientious scruples. They include both Catholics and Protestants alike. They agree with the employers, however, to work to the same wage scale as the other workmen. They work in the same plants and if the union men go on strike the members of the Christian union join in the contest.

Question 28. Do your members limit their production?

Answer. In general, yes; between the workers by themselves.

Question 29. If works are closed to make repairs or rebuild furnaces, or for other causes beyond the control of the manufacturers and workmen, then are the workmen paid their average wage while idle? We understand you have a State law that regulates this point. Please give us details.

Answer. Fourteen days by Government law. If men are given 14 days' notice they can, at the expiration of that time, be laid off without pay. Employers, however, do not enforce this proviso for the reason that they want to retain their workmen.

Question 30. Are furnaces held in reserve to avoid idleness?

Answer. Where there are three or more furnaces one is held in reserve. All workmen will aid in tearing out and rebuilding furnaces, and secure their regular wages for this work.

Question 31. If furnaces are held in reserve, then to what extent is this done?

Answer. See Question 30.

Question 32. Do plants close because of accumulation of stock, and, if so, are workmen paid while idle?

Answer. If plants are closed because they have too large a stock, the men must be notified 14 days before, and after 14 days they are not paid.

Question 33. Do you have a summer stop or vacation in hot weather? If so, how long?

Answer. Three to six days in general. Men employed three-quarters of a year by a firm get three days with pay, and for each additional year in the employ of the same company an additional day up to six days. In a few instances nine days with pay. Vacation must be given between May 1st and September 30th. This is a conference agreement.

Question 34. Are the workmen paid during the period of their vacation or summer stop?

Answer. Yes.

Question 35. Does the head of the shop contract with the other men in the shop as to the wages they are to receive, or has this custom ceased?

Answer. Every man is paid directly by the firm.

Question 36. Please give us information on your child-labor law.

Answer. Child-labor law prohibits employment of children under 14 years of age in any industry in Germany. Children over 14 and up to 16 years must go to a technical school eight hours a week and the employers pay the expense attached.

Question 37. We understand that sick benefits are paid to the workmen by the employers, and we would be thankful for detailed information on this point.

Answer. Workers are paid sick benefits from a fund created by an assessment on all workers according to their earnings, and for each mark paid by the worker the manufacturer must pay one-half of a mark.

Question 38. What per cent has living cost increased since 1914?

Answer. 1500 per cent.

Question 39. What per cent has the wages of the men employed in the flint glass industry increased since 1914?

Answer. From 1000 to 1250 per cent. In 1914 the wages were 40 to 50 marks, and now are about 500.

Question 40. What rent are you members required to pay? We understand that they have free rent to a considerable degree.

Answer. Practically all manufacturers provide homes for their skilled workmen, who, in most instances secure such homes free, while in other cases they pay a small amount for rent and are furnished coal and electric light current free.

Question 41. How much work was done in your flint factories during the war?

Answer. During the first two years 50 per cent of the factories were idle. Since 1916 75 per cent of the factories are being operated.

Question 42. Is there a limit to the loss sustained by men working piece-work?

Answer. No. If glass is reported bad and it is not fit to work and must be ladled, then the skilled workmen are placed to do this work and are paid their regular wages.

Question 43. How many districts have you in your organization?

Answer. Seven. In the five important districts they have a minimum wage of 360 marks, while in the second and third districts it is only 330 marks. Nevertheless this wage is agreed to universally.

Question 44. How many bulbs do your members make in 8 hours?

Answer. 700 to 750.

Question 45. How many 8, 10, 12, 14, 16, 18, and 20 inch paste mold ceiling bowls, as per sketch, do your members make in 8 hours, and what wage does the blower blocker, and gatherer receive per day?

Answer. 8½ inches, 430 per day; 6½ inches, 500 per day; 4½ inches, 800 per day; blower, 600 marks (\$142.80) per week; blocker, 236 marks (\$56.17) per week; gatherer, 186 marks (\$44.27) per week.

Question 46. How many 8, 10, and 12 inch shades, as per sketch, do your members make in 8 hours, and what wages do the gaffer, blower, blocker, and gatherer receive per day?

Answer to question 46 not clear, hence it has been purposely omitted.

Question 47. How many do your members make of 6, 7, 8, 10, 12, 14, 16, 18, and 20 inch balls, as per sketch, and what wages do the blower, blocker, and gatherer receive for 8 hours' work?

Answer to question 47 not clear, hence it has been purposely omitted.

Question 48. How many do your members make in 8 hours of small electrics under five inches, as per sketches, and what wages do the blower, blocker, and gatherer receive?

Answer. On an average they make 600 per day. One piece blown at a time. Blower, 600 marks (\$142.80) per week; blocker, 236 marks (\$56.17) per week; gatherer 186 marks (\$44.27) per week.

Question 49. How many do your members make in 8 hours of the small shade, as per sketch (cone shaped), on sizes 7, 8, and 10 inch, and what wages do the blower, blocker, and gatherer receive?

Answer. On an average they make 600 per day. One piece blown at a time. Blower, 600 marks (\$142.80) per week; blocker, 236 marks (\$56.17) per week; gatherer, 186 marks (\$44.27) per week.

Question 50. How many do your members make in eight hours of 10 and 12 inch duplex chimneys, as per sketch, and what wage do the blower, blocker, and gatherer receive?

Answer. Ten-inch, 1,800 per day; 12-inch, 1,600 per day. (One piece blown at a time.) Blower, 500 marks (\$119) per week; blocker, 236 marks (\$56.17) per week; gatherer, 186 marks (\$44.27) per week.

Question 51. What is the average wage of the members of your organization, per week, employed in the flint-glass industry who are not actual glassworkers?

Answer. Shearers, 288 marks (\$68.54); lehrsmen, 230 marks and 40 pfennigs (\$54.84); mixers, 290 marks (\$69.02); assorters, 275 marks (\$65.45); glass cutters, 500 marks (\$119); mould makers, 400 marks (\$95.20); helpers, 280

marks (\$66.64) ; grinders, 500 to 600 marks (\$119 to \$142) ; glazers, 300 marks (\$71.40) ; furnace men, 450 marks (\$107.10) ; carrying-in boys, 115 to 120 marks (\$27.37 to \$28.56) ; hold-mold boys, 115 to 120 marks (\$27.37 to \$28.56) ; stocking-up boys, 170 marks (\$40.46). Those men and boys work eight hours per day.

Question 52. To what extent are women employed doing work of grinders, mixers, and kindred work, and do they receive the same wages as men who do the same class of work?

Answer. In doubt.

Question 53. Is the 8-hour law under which you are working a law created by your national legislative body, or was it brought into existence by your labor organization?

Answer. Government law.

Question 54. To what extent does the 8-hour law apply to all of the male and female workers in Germany?

Answer. No exception in industries in Germany.

All of the questions we have recorded in this statement are of importance in order that we may obtain a fair knowledge of the real conditions. If we can have our questions answered, and if it is possible for us to visit a few of your plants to see the men at work and talk to the management, we believe that a better universal understanding will be arrived at that shall prove beneficial to both sides.

There may be questions that you and your colleagues may wish to ask Mr. McCreary and me or your employers may desire information from us. If this be so, then bear in mind that we shall be agreeable to giving you reliable information on any point on which enlightenment is sought.

Fraternally, yours,

WILLIAM P. CLARKE,

President of the American Flint Glass Workers' Union, Toledo, Ohio.

Attest:

THOS. W. MCCREARY,

Superintendent Phoenix Glass Co., Monaca, Pa.

ANOTHER WAGE INCREASE.

In a letter from the office of the German Glass Workers, dated March 12, we are advised that since our departure another increase has been received by the workmen. The figures are given in such a way that they are rather indefinite, but I reason that the increase would amount to about 30 per cent over the figures already recorded in this report.

DIFFICULTIES.

As an indication of the difficulties we encountered in obtaining information in countries where languages other than our own were spoken, as well also as a guide for future reference, I am incorporating here a list of titles of the workers in the various departments of the flint-glass trade in America, and am placing opposite them the names given to those doing the same class of work in Germany. Likewise are included in the list the names of a few articles and the names by which they are known in Germany:

Title in United States.	Title in Germany.
Gatherer.....	Külbelmacher, Gehilfe.
Blocker.....	Zweiter, Gehilfe.
Blower.....	Glasmacher.
Gaffer.....	Auftreiber.
Shearer.....	Schürer.
Lehrsmen.....	Ausleerer.
Mixer.....	Gemengemacher.
Assorter.....	Glasbeschauer.
Cutter.....	Schleifer.
Grinder.....	Abschleifer.
Glazer.....	Verschmelzer.
Furnacemen.....	Einleger, Schmelzer.
Carrying-in boy.....	Eintrager.
Hold-mold boy.....	Formenhalter.

Title in United States.	Title in Germany.
Sticking-up boy	Anhefter.
Stopper grinder	Einbohrer.
Rougher	Feinschleifer.
Continuous tank	Wannenofen.
Punch-tumbler	Bierglaser.
Prescriptions	Apothekerflaschen.
Plateglass	Gussglas.
Press	Pressglas.
Chimney	Cylinder.
Punch and stemware	Bowlen und Weinglaser.
Bulbs	Kolben.
Paste-mold	Hohlglas.
Caster-place	Schleifglas.
Iron-mold	Hohlglas (eiserne formen).
Shades	Schirme.
Globes	Glocken.
Insulator	Isolatoren.
Engraver	Graveur.

TAX ON WORKERS.

The workmen of Germany are required to pay 10 per cent on their income to the Government when their wages amount to less than 1,500 marks, 15 per cent on earnings between 1,500 and 2,000 marks, 20 per cent on earnings between 2,000 and 2,500 marks, and 25 per cent on earnings between 2,500 and 3,000 marks per month.

The 8-hour day is universally established throughout Germany and is applicable to all trades. The only deviation from the rule was in restaurants and hotels, and then only in extraordinary cases.

All male and female workers employed in a glass plant above 15 years of age are admitted to membership in the glassworkers' organization, with the exception of the office force.

VISIT TO WEISSWASSER.

While in Weisswasser it was our privilege to visit the homes of a few workmen. The property in which they reside belongs to the company, and the rent is very moderate. For instance, a workman is furnished with two good-sized rooms and a kitchen, with electric lights, at a rental of 4 marks and 60 pfennigs per month, or an equivalent of \$1.09.

The plant at Weisswasser consists of 14 furnaces, each furnace containing 8 open-top pots similar to those used in window factories in America. Each pot has a capacity of 1,400 pounds. Around each furnace a foot bench is erected similar to that used at a continuous tank in American factories.

The Weisswasser plant makes electric bulbs on an extensive scale. The factory was recently taken over by Vereinigte Oberlausitzer Glashüttenwerke, whose office is in Berlin, so that they would be in a position to obtain a supply of bulbs without the inconveniences they had encountered in the past. This company has a total of 30 furnaces throughout Germany. Mr. Krebs informed us that he had just received an order for 50,000,000 bulbs from America, this order being received the day we were at the plant.

Here the bulb workers gather and blow their own and are paid 10 marks (\$2.38) per 100 for all bulbs that have dimensions similar to those we make at a move of 534.

NOTE.—The foregoing wage was increased 40 per cent while we were at Weisswasser, making the rate 14 marks (\$3.38) per 100.

The men work on a platform, the same as working from a tank. Two workmen comprise a shop, using the same marvelor and mold. Six men gather from the same pot. The man gathers his glass, walks about 10 to 12 feet to the marvelor, marvels the glass and blows it in a mold that is on a level with the foot bench. The mold is opened and closed in about the same manner as in American glass factories. When the blower leaves the mold he steps to the right to crack off his bulb, but reaches back with his left hand and pushes the long lever which drops the fold into the water, after which he draws the lever back to its original position. This has the effect of placing the mold in position for the man who is to follow him. He then knocks his bulb off the pipe and proceeds to gather over his molling.

It is not unusual to see bulb workmen make from 6 to 15 bulbs before cleaning the molling from the pipe, this depending entirely upon the peculiar skill of the individual. It was not unusual either to see a molling extending 3 inches from the nose of the iron before the pipe would be cleaned.

The workmen work on a piecework basis and are paid for bad glass, such as cords, waves, stones, etc., the manager explaining to us that he felt the company was responsible for such defects, for the workers had no control over such a situation. The average loss in the selection is about 6 per cent, but bulbs are passed as good which would be promptly discarded in America. Bulbs are selected in the factory.

In this city we observed several shops making thermos bottles, all made by the German system method. A shop consists of two small boys and three blowers. The boy gathers and makes a ball, after which the pipe with ball attached is hung in a perpendicular position by the side of the furnace. The blower covers the ball, blocks and blows his own, and cracks it from the pipe. The workers informed us that they received 30 marks (\$7.14) for making 100 inside and 100 outside pints, while the men making the outside article were paid 15 per cent more than the men making the inside article.

As a comparison, it is pertinent to record here that most of the thermos bottles made in America are produced by the American system. Our workmen make 456 outside pints and 600 inside pints for a wage to the skilled workers of \$25.40, or \$2.41 per 100, as compared with the \$7.14 paid in Weisswasser, but it must be remembered that the value of the German mark is so low that the equivalent of 30 marks of German money on the occasion of our visit was only 46½ cents in American money. An additional increase has been granted the workers since we departed from Germany.

Candy or tablet jars were being made at Weisswasser. Each man gathers, blows and finishes his own article. The worker does not leave the foot bench. After the article is blown it is snapped and warmed in at the pot mouth next to where the shop is working, and finished in a chair.

Punch tumblers were produced extensively, and the shops are composed of two boys making balls and three blowers. The ball makers were from 15 to 17 years of age. Each blower covers the ball, blocks and blows the glass and cleans off his own iron.

It is hardly necessary to relate that practically all paste mold ware made in Weisswasser is produced by the German system method, with the possible exception of electric bulbs.

This plant has worked on a day-turn shift only for a period of 24 years—they do not work at night.

Where more than one man is employed making an article, then the head of the shop works piecework while the remainder of the workmen are paid day-work.

Mold makers belong to the glassworkers' organization, but their wages are regulated in keeping with the wage paid machinists.

Men who are employed at grinding are paid an average of 280 marks (\$66.64) per week, while women doing the same work receive 2 marks and 85 pfennigs to 3 marks and 35 pfennigs (68 to 80 cents) an hour.

If carrying-in boys are over 18 years of age they are paid 12 marks (\$2.84) more per week than stated in answer to question 51.

Women employed doing the work of packing are paid 2 marks and 80 pfennigs (87 cents) per hour, but if they are more than 18 years of age they are paid 25 pfennigs (6 cents) extra per hour.

A finisher on a press shop in Germany is recognized as the head of the shop.

Punch tumbler workers earn from 600 to 700 marks (\$142.80 to \$166.60) per week.

Iron molds were worked on a dummy just the same as paste molds.

Shops making top tubing at Weisswasser were required to leave the factory building and go a distance of 40 to 50 feet to the tube alley, where the glass was drawn 325 feet. A shop made from 350 to 400 pounds of top tubing in eight hours.

At the second plant we visited in Weisswasser, presided over by Mr. Mader, we found they had three furnaces. They make a very fine line of stem ware, cut ware and ware that is treated with an acid that eats away the surface of the glass, and that part left untouched constituted the design. They likewise produce a line of blanks for cutting, and have in connection with the plant a large cutting shop.

The cutters work what may be termed "team" work. They have the "master" and two assistants. The "master" works piecework, while his assistants are paid daywork; the former being held responsible for bad ware. The wages of the "master" approximate 500 marks (\$119) per week. The assistants earn only about one-half the wage of the "master," even though the same work is done by each. Grinders are paid more than cutters.

On our visit to the cutting shop I could hardly believe my eyes when confronted with stem ware that was flexible and at the same time bore a comparatively deep cut pattern. One naturally wonders how it is possible for the cutters to do the work without cutting through the article.

The following picture shows the principal plant in Weisswasser. There are upwards of 4,000 glass workers employed in this city. Here I was invited to deliver an address at a public meeting held in the Market Place on Tuesday, January 4. It was estimated there were 10,000 people in attendance. Every courtesy was shown us by the burgomaster (mayor) and other city officials. The address delivered on this occasion appears in full on pages 4 to 9 of the March issue of The American Flint.

HAIDEMUHL.

The city of Haidemuhl is practically owned by a Mr. Schiller, the inventor of the Schiller machine, which is used in producing packers' goods. Each machine requires the services of a gatherer, operator, turning-out boy, and carrying-in boy. During the war girls served in the capacity of operators (pressers). It is rather a slow method of producing, but they get a nice finish on their ware.

The workers are provided with homes by Mr. Schiller, which consist of three to five rooms, at a rent of from 20 to 25 marks (\$4.76 to \$5.95) per month. In addition to the house there adjoins each property a large shed that can be used for coal, wood, chickens, etc., as well as a plot of ground that may be cultivated.

As an indication of the sufferings endured by the common people of Germany during the war, it is only necessary to relate that we came in contact with men and women whose weight was reduced anywhere from 30 to 50 pounds, owing to the lack of sufficient nourishment.

OBER-SCHREIBERHAU.

The plant here is owned and operated by Count Schafgotsch. It has one furnace with 12 pots, each pot holding 225 pounds, except two, which are larger than the others. All pots are open top and the furnace is of the down draught make. They work day-turn only. The men work on a foot bench and are always in the same place. The plant is over 200 years old. It is surrounded by a pine forest. They use only 1 ton of coal a day in the furnace, the remainder of the heat being derived from pine wood. There are no glory holes in the factory. All warming-in is done at the furnace.

Twelve shops were working at the time of our visit, most of whom were producing fine stem ware. It was really interesting to watch them. They perform this work in various ways. A shop producing a goblet with a fancy twisted stem make the stems one day in advance and set them to one side. The following day they blow the bowls and complete the article, placing a few stems at a time on the breast wall, and when a bowl is ready for the stem the one closest to the fire is selected and stuck to the bowl. After this the bowl and leg are warmed in the pot mouth until the entire article is properly heated, and then the foot is cast. I also watched the workmen make a stem with a "bubble" in the center. This stem is made separately and later stuck to the bowl and the foot cast.

Some shops were composed of two men and two boys, while others had five men and two boys. On a two-man shop one man gathered and blew the bowl and cleaned off his own pipe, while the second man cast the stem and later the foot. On the five-man shop they had a bowl gatherer, two blowers, a stem maker, and a foot caster.

On a two or three man shop the foot caster takes his place on the foot bench. He has no bit gatherer. We witnessed foot casters insert the article in the pot and gather on the end of the stem the glass required to make the foot. This was clever work.

A shop composed of three men and two boys making a fine cast stem goblet was paid 80 marks per hundred, or \$19.04.

The making of plated ware at this plant was very interesting to us. They seemed to have changed their system in recent years. They produce beautiful goods.

The cutters in this vicinity worked with one "master" and two helpers. The master receives approximately 360 marks (\$95.68) and the helpers 220 to 240 marks (\$52.36 to \$57.12) per week.

They make stem ware by two processes and by differently constructed shops. The drawn stem shops are composed of a ball gatherer and two blowers, who gather and blow their own. The pipe is thrown across the crotch and the stem drawn with shears. If the stem happens to be too long it is clipped off; if too thick it is drawn a little longer and the excess length clipped off. The article is then handed to the foot caster, who does not work on the foot bench. A bit gatherer gathers the glass for the foot, and the article is completed in practically the same way as in America.

The second method was where they made cast stems and feet. Here they use but one blower who gathers and blows his own. The foot caster casts the stem as well as the foot. At this factory they were producing some beautiful ware, all made from open top pots.

THE SEVENTH DISTRICT.

I quote herewith from an agreement for the seventh district (Dusseldorf) that became effective January 1, 1921, as follows:

"The present local circumstances differ very much as to wages and have been settled as follows:

"Minimum wage in the first district, 360 marks (\$85.68) weekly.

"Minimum wage in the second district, 330 marks (\$78.54) weekly.

"Minimum wage in the third district, 330 marks (\$78.54) weekly.

"All workmen are obliged to do late hours if the necessity has been proved.

"Twenty-five per cent extra charge per hour for the first two hours.

"Fifty per cent extra charge per hour for any hour over two hours.

"Fifty per cent extra charge per hour if working on Sundays.

"The extra charge for work done on Easter, Whitsunday, and Christmas amounts to 100 per cent.

"For repairing pots and other similar work connected with the plant, the workmen get their regular wages, but are obliged to do this work also beyond the regular hours.

"All skilled workmen get three holidays per year after being employed nine months, and another day for each year over that time up to a maximum of six or nine days. Time of illness is to be put down to the workman's account as to holidays.

"During the time of repairing furnaces, holidays are not to be granted. If work can not be continued on account of glass being bad, the manufacturer bears 70 per cent of the weekly wages (wages previously stated) pro rata the time work stopped."

The uncertain industrial conditions prevailing made it necessary that only short time agreements be entered into. In some instances they did not extend beyond four weeks. The agreement in effect in the seventh district on the occasion of our visit had been made for a period of four months, but with the proviso that should increased prices in the cost of living warrant it, a conference could be called and the agreement reopened.

The laborers working around a glass plant are paid 6 marks (\$1.43) an hour.

On our return to Berlin, where the office of the workers is located, I was urged to address their general executives. The invitation was accepted and the address delivered on this occasion appears in full on pages 9 to 11 of the March issue of The American Flint. A group picture of the gathering is incorporated in this report.

INVITATION TO SECRETARY GIRBIG.

In order to more fully express our feeling of good will toward the officers and members of the German organization, I renewed the invitation extended to Secretary Girbig, hoping that he may be able to pay us an official visit. We are looking forward to the pleasure of having him with us. However, the low value of the German mark may be the determining factor when the time comes for his intended visit.

JENA.

On page 55 of this report appears a picture of the glass plant at Jena, Germany. This is one of the famous glass plants in Europe. It is operated by a board of directors, composed of Dr. Schott, Richard Hirsch, and Rudolph Klett.

This company has 20 furnaces and tanks and employs 1,500 people. The furnaces include both open and covered top pots. They were making beakers, flasks, and globes from heat-resisting glass produced in a tank while we were there. Their furnaces hold from one to five pots, and the tanks likewise are small.

I watched a shop making inner globes in a paste mold six at a time. The mold was a meter (39 inches) long. A second shop was making an article that resembled an O Rochester and was producing four at a time. The shop produces from 800 to 1,000 sticks in seven and one-half hours. Each blower received 10 marks (2.38) per 100 sticks. The gatherer received $7\frac{1}{2}$ marks (\$1.79) per 100 sticks.

Paste mold shops, as a rule, are composed of a ball maker and two blowers who cover the ball, block and blow their own. The glass was blocked over a crotch, blown through, warmed in the ring hole or pot mouth, and swung to a length of about 35 inches before being placed in the mold. All shops worked from a foot bench.

In this Jena plant the men work two shifts of eight hours each, but one-half hour is taken for a meal, leaving the actual time of producing seven and one-half hours. One turn starts at 4 a. m. each day, except Saturday, and is done at noon. The other turn starts at noon and completes the day at 8 o'clock. On Saturday the first turn starts at midnight and is done at 6.30 a. m., the second turn going on at 6.30 and finishing at 1 p. m. If necessity arises for shops to work night turn they are paid extra. The workmen employed by this company are given two weeks' vacation with pay.

In addition to the regular wages paid the workmen at this plant, each married man receives a monthly allowance of 90 marks (\$21.42) for each child in his immediate family and an allowance of 60 marks (\$14.28) for his wife.

Each shop was furnished with two molds, thus permitting each blower to have his own mold.

Tube workmen earn from 400 to 450 marks (\$95.20 to \$107.10) per week, while other workmen averaged about 360 marks (\$85.68) per week.

Pots are set by the skilled workmen after regular working hours, each workman receiving $7\frac{1}{2}$ marks (\$1.79) for each hour spent at this labor.

Through the courtesy of the officials of the Carl Zeiss works, we were shown through this remarkable institution, which has a direct connection with the Schott & Genossen Glassworks at Jena. The Zeiss works now employ 4,500, and with the 1,500 employed at the glass works the two establishments have a total of 6,000 workers. Before the war the two plants furnished employment to

INCREASED COST OF MATERIALS.

An enormous increase in the cost of materials for the manufacture of glassware is shown for the six years from 1914 to 1920. To avoid confusion I am giving the amounts in American equivalents in each instance. These figures (per ton) also were secured from different concerns.

	1914	1920
Coal.....	\$7.14	\$79.02
Sand.....	8.33	154.67
Soda ¹	23.80	833.00
Lead.....	71.40	3,570.00
Coal (brown).....	.94	23.80
Sand.....	7.14	19.04
Soda.....	23.80	267.98
Lead.....	83.80	2,380.00
Potash.....	71.40	1,428.00
Coal.....	1.57	48.55
Sand.....	2.86	11.90
Soda.....	19.64	267.75
Lead.....	101.27	2,500.19
Lime.....	4.76	36.65

¹ The company that supplied these figures was notified that the price of soda would be increased to \$1,332 per ton after Jan. 1, 1921.

INCREASED COST OF NECESSITIES.

The following table will give a fair idea as to how prices of foodstuffs and other necessities have increased in Germany during the past six years:

Name of articles.	1914		1920	
	German money.	American money.	German money.	American money.
	<i>Marks.</i>		<i>Marks.</i>	
Bread.....per 4 pounds..	0.50	\$0.12	9.00	\$2.14
Butter.....per pound..	1.20	.29	35.00	8.33
Cheese.....do...	1.20	.29	30.00	7.14
Meat.....do...	1.00	.24	20.00	4.76
Potatoes.....do...	.04	.01	.50	.12
Lard.....do...	.50	.14	18.00	4.28
Oleomargarine.....do...	.90	.21	15.00	3.75
Salt.....do...	.10	.02	.40	.09
Sugar.....do...	.22	.05	5.70	1.36
Flour.....do...	.20	.05	7.00	1.66
Eggs.....per dozen..	1.20	.29	30.00	7.14
Coal.....per 123 pounds..	.95	.23	15.20	3.62
Soap.....per piece..	.10	.02	4.50	1.07
Wool.....per pound..	7.50	1.79	75.00	17.85
Linen.....per meter..	.80	.19	20.00	4.76
Yarn.....per 1,000 yards..	.35	.08	15.00	3.57
Wood.....per meter..	6.00	1.43	150.00	35.70
Gas.....per 4 hours..	.10	.02	1.40	.33

One of the great handicaps confronting the glass manufacturers of Germany is their inability to secure good coal, this being due principally to the reparation clause in the Versailles treaty requiring Germany to furnish 2,000,000 tons of coal each month to France. At one plant we were advised that an analysis of their coal showed 56 per cent water.

In the year 1913 the exported glassware from Germany—this included all kinds of glass—amounted to 146,124,000 marks, or \$33,777,512.

CZECHOSLOVAKIA.

While in Germany we learned that there were two organizations of glassworkers in Czechoslovakia, one comprising 18,000 Germans and Austrians, the other being composed of 17,000 Czechs. The headquarters of the Austrians is located at Tannwald and the Czechs have their offices in Tepitz.

Our first visit was to the German organization at Tannwald. We learned that they have about 3,200 skilled workmen, who might be termed flint-glass workers. However, they admit to membership all men and women employed in the glass industry save the manager and officials—even the chemist and office help are admitted.

The parent organization prior to the war had among its members nine different nationalities, made up of Germans, Czechs, Bulgarians, Magyars, Poles, Ukrainians, Slovaks, Turks, and one other, but the language spoken was German.

Prior to 1912 all glassworkers belonged to the one union, but a national feeling was engendered that resulted in the Czechs withdrawing and forming an organization composed of Czechs only, while the parent body retained the Germans and Austrians under the leadership of Secretary Anton Hackel, who has held this office for a period of 21 years. The Czechs' organization selected Karl Victoria as their leader.

We submitted a questionnaire to the officers of the German organization and they promised faithfully to make answer to all of our questions. The day that the answers were to be formulated, however, thousands of their members were thrown into idleness, thereby depriving the officers of the opportunity of giving attention to our paper. It was agreed, nevertheless, that answers would be made later on and the document mailed to us, but up to the present time it has not been received. The result is the record of our visit to this district will not be as complete as I should like to have made it.

In 1914 the wages of the gaffers ranged from 70 to 80 kronen (\$14.21 to \$16.24) per week, while their wages at the present time are approximately

600 kronin (\$121.80) per week. The present wages of the second man on a shop are approximately 400 kronen (\$81.20) per week, while the gatherers receive 65 per cent of the gaffer's rate, or \$79.17.

While we were in Tannwald we were advised by Gustav Newman, editor of the German Glassworkers' Journal, that the men in the flint branch of the industry work only six hours per day, but they would wait two hours on glass. In no instance, however, would they remain at the plant more than 8 hours out of 24.

In this vicinity are located the plants of Joseph Reidel, but he would not permit us to visit his works. In one plant he has 11 furnaces and in another 10. Before the war he operated 26 furnaces, but on the occasion of our visit he was operating only 5. Each furnace has from 12 to 16 pots, each pot holding from 500 to 650 pounds.

The Reidel Co. owns practically all the ground within sight of their plants, and this is likewise applicable to the properties. They furnish their workmen with free rent, coal, electric light, and garden space. If they do not have sufficient houses and workers are required to live elsewhere, then the company pays the rent.

Tube shops are so constructed that they have a boy mounted on an apparatus similar to a bicycle so that he can race down the alley with the "post" thrown over his shoulder, the claim being put forth that he can not go fast enough without this conveyance.

STOPPERS.

From the Tannwald district come stoppers and prisms. Knowing of this competition, I was very desirous of obtaining details. Being deprived of an opportunity to visit the larger plants, and persisting in our desire to see this ware produced, we were escorted to a very small plant, where we found stoppers made in a very queer way.

The factory was a shed about 20 feet square. In it was a small furnace similar to a portable glory hole. It was fired by coal. Two men were working at this hole. They had a supply of cane or rod, and would have three sticks in the fire at one and the same time, similar to a finisher on a bottle shop in a bottle factory. When the piece of cane was in a plastic state it was withdrawn from the fire and inserted in a pair of tongs, in which the design of the stopper had been cut. The tongs were then squeezed, the rod of glass drawn away, causing the glass to be thin near the edge of the tongs, after which the tongs were opened and the stopper severed from the rod with a pair of shears. The stopper was then thrown into a bucket that was placed on top of the "hole" so that the article would cool gradually, and the operation continued.

Prisms, ink caps, bobbin holders, toy dogs, monkeys, rabbits, and similar articles are produced in this manner, samples of which I have in my possession and will gladly display them to our delegates.

For making a stopper (similar to the No. 175 oil-bottle stopper made in Moundsville) the men were paid 10 kronen (\$2.03) per thousand plus 350 per cent, or 45 kronen (\$9.14) per thousand. They are able to make from 1,000 to 1,200 per day.

The John Umann Co. would not admit us to their glass plant, but did allow us to go through their cutting shop.

Cutters work 8 hours a day, taking 15 minutes for lunch in the morning and 15 minutes in the afternoon, and cease work at noon on Saturday, making a total of 42 hours' labor per week. Previous to 6 months ago they worked 10 hours a day.

This is the largest cutting shop in the vicinity of Tannwald we visited. The representative of the company informed us that a good cutter earned from 800 to 1,000 kronen (\$162.40 to \$203) per week, but Secretary Hackel told us that this was an exaggerated statement, and he estimated that a good cutter could earn from 500 to 600 kronen (\$101.50 to \$121.80) per week. Girls employed in the same shop earned from 150 to 200 kronen (\$30.45 to \$40.60) per week, while a skilled woman cutter would earn 250 kronen (\$50.75) per week. The company employed 160 cutters.

This cutting shop is an excellent structure. It is two stories high, exceedingly well lighted at the sides and ends, practically all the windows are double, and the walls and ceiling are whitewashed, making it a very agreeable place for the workmen.

The representative of this concern took pleasure in informing us that they could produce bottles and stoppers in their works and ship them to America at a price below that at which they could be made in the United States.

We were informed also that previous to the war this company shipped 10 cases containing 50 to 60 gross of stoppers each week to the Carr-Lowrey Co., Baltimore, Md. They had just received an inquiry, so we were told, for an order of 50,000 gross, but it was doubtful if it would be filled, for the reason that the company, it seems, would require all the stoppers they could make to complete their own bottles.

Many bottles turned out were made unfinished, with a peculiarly constructed blow-over. This blow-over was chipped and the lips ground and cut, making a very attractive finish.

In this particular shop they cut door knobs and bottles in great quantities. We learned that many of the door knobs were sent to America, and particularly to Grand Rapids, Mich.

There are numerous cutting shops in and around Tannwald, most of which derive their power from water coming from the mountains. They not only cut down on their overhead expense because of the manner in which they acquire their power, but in addition to this they have two frames operated from the same pulley. In other words, in place of having two lines of frames running through the shop as in American factories, they have four sets of frames, as indicated in the picture on the following page.

At the time we watched the cutters in this Tannwald plant they were cutting stoppers, and usually they had at least one in each hand, and sometimes more.

We found many stones in the cutting shops used horizontally. This seemed to give the operator greater opportunity to shorten the time required in cutting stoppers, inks, trays, bottles, etc.

There are about 24,000 so-called "home" workers in the vicinity of Tannwald and Goblentz, where they make buttons, beads, earrings, stick pins, prisms, spoons, and kindred ware.

We visited the homes of several of this class of workers. One can not appreciate to what degree lamp work is performed in the ordinary home unless you had an opportunity to visit the Tannwald district. In one home we found a man, his wife, and three small children living in one room, approximately 12 by 15 feet. This was also their workshop. This room contained a work-table about 3 by 4½ feet, lounge, bed, cradle, stove, and several chairs. The children were barefooted, even though at that time the snow was about 6 inches deep. The father and mother were making hollow prisms for chandeliers. The work table was so constructed that there was room for two more workers.

Glass beads are made on an extensive scale in the vicinity of Tannwald. An ordinary piece of tube is heated over a lamp and then placed in a mold and blown, after which the beads are separated, filed, and strung. Before the tube is heated it is treated with acid in order to give the glass a silver effect.

To impress on the reader the extent to which trinkets are made from glass in the neighborhood of Tannwald, it may be stated that the workers have listed 1,600 designs that are cut on a glass bracelet which is made from tube. These bracelets are cased with ruby, white, yellow, and other colors. This product is produced chiefly for the Mohammedans.

Hatpin ornaments, eyes made from glass, stick pins, writing pens, and an endless variety of goods of this class are made over a lamp in the homes of the workers.

NEUALT.

Among other places on our itinerary we paid a visit to Neualt. This plant is 300 years old. We made the journey from Tannwald. En route we had to traverse over mountains that are so steep that it necessitated a cog engine to draw the train. After leaving the train we were required to walk almost 6 miles through snow that was 10 inches deep. This plant has three furnaces; two 10-pot and one 12-pot. Only one furnace was in operation when we were there. At the time it was built the plant was purposely located in a woods, so that the timber therefrom could be easily and cheaply obtained for fuel. In those days they had no idea as to the economy to be effected by locating a plant close to a railroad. The result is that they have had to convey all their raw material and also the finished product quite a distance in order to place it on the market.

In this works practically all the shops that were making stem ware, nappies, jugs, etc., used wooden molds. Some of these were made with a hinge, while others were merely a hollow block, the latter being used in making punch tumblers and stem ware.

A stem shop was made up by one man gathering, blocking, and blowing the bowl, after which he gathered the bit with his right hand and held the pipe with the bowl attached in his left. Then he twisted the glass onto the bowl and this glass was used to make the first button on the leg of the article, which button was subsequently cast by the foot maker. The foot maker next gathered a piece of glass with his right hand and twisted it onto the leg, which he held on the pipe in his left hand, and then finished the length of the stem. One thing particularly noticeable was that the man casting the stem had an abundance of blocks and paddles which had the design of the stem burned into the wood. These enabled him to make the stems or legs more uniform. After the leg was completed, the article was reheated before the foot was cast, and again reheated before being sent into the lehr. This procedure may give some indication of the "snail-like" methods of producing at this 300-year-old glass factory.

As another example of the medieval methods used I may cite a shop making a paste mold jug in which the handler gathered and made his own punty to stick up the jug in order to shear it. The handler would take the pipe with the jug from the blower, place it across a "T" stand, and, connecting his punty to the bottom, knock the jug from the pipe and heat the article in the furnace. After this he would open the lip with a wooden plug, and then shear it. The blower on the shop would then gather a handle, which was stuck at the top of the jug first, and, with the handle swinging, the article would be warmed in the tank and reheated before the bottom stick was made. After the second stick was made and the handle shaped, the jug was again warmed in and heated sufficiently to allow the handler to lip it, and then the article was sent into the lehr. A shop in America would make three such jugs while they were producing one.

The company at Neualt furnishes the workmen with houses to live in free of cost.

It might be well to relate that what we call "table" ware is understood abroad as "plate" glass used on the top of a table or desk. The general designation for flint ware abroad is "white" or hollow glass.

ENORMOUS INCREASE IN PRICES.

During our stay at Tannwald we secured figures on staple articles of necessity that justify me in recording them here. The following named were some that were increased in price from 1914 to 1920, and the percentage of increase is given herewith:

Flour or meal.....	355	Collars.....	2,333
Coffee.....	2,000	Shoes.....	2,250
Cocoa.....	15,000	Washing and ironing.....	2,200
Oil (petroleum).....	2,855	School books.....	1,200
Clothing.....	2,900	Railroad fares.....	1,200

The labor that some men and women are required to do in Czechoslovakia is almost beyond belief. We witnessed men hitched to sleds doing practically the work of a horse, and women with baskets made of boards strapped across their backs carrying coal and other materials around a glass works. It was certainly shocking. The men, we were informed, received 6 to 8 kronen (\$1.22 to \$1.62) before the war; now they are paid 70 to 80 kronen (\$14.21 to \$16.24) per day.

Since the new republic was created under the provisions of the Versailles treaty, the names of the cities have been changed. The official language also was changed from German to Czech, and names of railroad stations and cities so altered that it makes travel exceedingly difficult.

HAIDA (OLD BOHEMIA).

To understand the ability of the engravers, cutters, and decorators of painted glassware that comes from abroad, or to appreciate the training of the men who have come to this country from Bohemia, you must know Haida.

This city was incorporated in 1704 and has a population of about 3,000. The suburbs, however, comprise 30,000 to 40,000, most of whom either have

been, or are now, connected with the glass industry either in a direct or indirect way.

The founder of Haida, so we learned, became interested in glass. Historians relate that he made two trips from Haida to Spain, pushing a wheelbarrow containing glass, and out of this venture he acquired sufficient to enable him to make his next trip with a team of horses. This is an indication of the crude beginning and the great progress made in the glass industry in that city.

There are only two glass factories in Haida, and only one of these was producing glass when we were there. This was the Hantich Co. They have one furnace with 12 pots, each pot holding 350 to 440 pounds. As far as the production of glass proper is concerned, it amounts to little. However, the engraving, cutting, decorating, and painting that is done here is another story. Most of their glassware is purchased in other cities.

In 1868 a school was started in Haida to teach children how to make picture frames, and in 1870 lessons in drawing were given. This was followed in 1878 by the study of glass decorating, and of engraving glass in 1907, while the art of cutting was undertaken in 1908. At the present time they are building a furnace in connection with the school to make glass.

There are 250 students now taking one or the other of the courses referred to. We paid two visits to this school. When a student enters, he or she is first drilled in cutting pictures from books and papers and pasting them on different-colored backgrounds. The next step is to use ink with a stick, this being the first lesson in drawing. Following this the student is given a brush and begins to learn to paint.

In a short time students are competing for prizes, and their drawings or paintings deal with glass only. Each student must make his own design, whether it be for painting, cutting, or engraving. One can imagine what this fundamental training means to the child that later follows either of these branches of the trade.

Before students are admitted to the school they must have at least a common-school education and then spend four years at the trade school. The school is supported by the State and has been since 1868. Many glass manufacturers purchase their designs from the students. When students leave the school they either enter some branch of the glass trade or they take up farming or music.

In most instances it has been demonstrated that the boys and girls graduating from the trade school will, to a degree at least, follow up their training. This is the reason that so much "home" work is being done in and about Haida, it being estimated that there are 24,000 house workers in this neighborhood.

Comparatively few of the workers doing work at home are organized. The Hackel organization has a local at Haida and the secretary, who serves as a business agent, spent two days with us. When we parted with him he promised to furnish some data in writing, but it has not yet been received.

According to the information imparted to us I feel justified in stating that glass is treated in one-third of the homes in this district; that is, it is cut, painted, decorated, engraved, enameled, or worked over a lamp. This product goes to all corners of the globe.

Many of the farmers who till the soil during the farming season devote their time to decorating glass in some manner in the winter, and it's not infrequent that the wife or some other member of the family will be a faithful and efficient assistant at the "home" industry.

Cutting frames are operated by foot power in much the same manner as a sewing machine. Many of those who are accustomed to this method of work will not take a position in a factory where the wheel is driven by power, as in America. They claim that they can do better work on a frame operated by foot. This home work enables aged men to continue working at their trade. There are many men doing cutting and engraving who are beyond 70 years of age.

Many efforts have been made to induce the home workers to give up their home labor and go to work in shops instead, but without success. At home they are their own boss and they can work short or long hours, and whenever they feel disposed to do so. In many instances they command whatever price they feel justified in asking. To illustrate: Mr. Rausche, a glass dealer in Haida, related that he had secured a price of 130 kronen (\$26.39) on an article, and after taking the order the workman raised the price to 600 kronen

(\$101.50). Another price of 60 kronen (\$12.18) had been agreed to, and after taking the order on this basis the worker raised his price to 300 kronen (\$60.90). In both instances the order had to be canceled.

It is freely admitted that when the originators of certain designs of engraving pass away that their designs will be discontinued, reasoning that other engravers can not duplicate many of the patterns that it was our privilege to inspect. It has taken as long as three years to engrave some of the individual pieces.

Mr. Rausche, who is a very large dealer in glass that is cut, engraved, etched, painted, and decorated, informed us that it was impossible for them to send either blanks or cut ware to the United States, but they could send engraved and decorated ware, for the reason their designs were original and exclusive, and with this reasoning I very much agree. Mr. Rausche also advised us that the average wage of cutters employed in the district was about 400 kronen (\$81.20) a week.

The professor at the school at Haida informed us that living costs had increased 1,000 per cent, and he estimated that the earnings of the cutters in that district had been increased from 60 kronen (\$12.18) to 600, 800, and 1,000 kronen (\$121.80, \$162.40, \$203.00) per week.

A man by the name of Zahn operates two cutting shops in Haida. He employs about 200 cutters. This is one of the few large shops of this kind in Europe. Out of those 200 men 30 are "masters." The master cutter earns from 500 to 1,000 kronen (\$101.50 to \$203) per week, while the helpers earn from 300 to 600 kronen (\$60.90 to \$121.80) per week. The master must share with the employer in the expense in furnishing sand, light, tools, and power, paying for all the sand and 25 per cent of the light and power.

Another feature of the plant is, if men are idle for a week, due to illness, they are paid their wages for the week without question, this expense being borne by the employer.

A visit to the display room of Karl Goldberg and an inspection of the decorated glass on display will justify the assertion that the Bohemians lead in this class of work. All the ware that Goldberg decorates is made from crystal glass, but when it is finished one would think that it was colored glass made purposely for decorating. His enamel work is in a class by itself. He employs but 10 decorators in his shop, yet he has 100 or more doing this class of work at home, and in addition to this a good number doing cutting and engraving at home.

In Haida they have a museum devoted to the exhibition of glass. This was established by the workmen many years ago. Each workman was solicited to make a contribution of one piece of glass made, cut, engraved, painted, or decorated by himself. Many responded. This encouraged others to contribute to the collection. There are some very rare pieces in this collection. We were shown through by Mr. Alex Pfohl, the vice mayor of the city. He has charge of the museum and is the owner of a decorating shop.

TEPLITZ, CZECHOSLOVAKIA.

We were well received and kindly treated by our Czech brethren. They have their headquarters in Teplitz, while their membership is scattered all over the republic. We presented a questionnaire containing the same questions asked of the officers of the union in Germany, with the exception that questions 37, 53, and 54 were purposely omitted. Feeling that a reproduction of the questions and detailed answers would make this report tiresome, I have decided to give a résumé of the information obtained, as follows:

Czechoslovakia has 80 plants with 105 furnaces producing flint glass, such as pressed, cut, illuminating, chemical and kindred glass, and 170 large and small cutting shops.

Eight hours constitute a day's work, 45 hours constitute a week in the flint-glass industry. Before the war 9½ hours constituted a day's work. They work two shifts a day. The workers report 15 minutes before starting time. They work on a piecework basis.

Skilled workmen set the pots and each man is paid 30 kronen (\$6.09) for each pot set. Pots are set after regular working hours.

If glass is not in condition to work at starting time, then the workmen are paid 80 per cent of their average wage. If they are placed at other work they receive full pay. The head of the shop is not required to do other labor, but

the other members of the shop must do the work assigned to them, otherwise they have no claim for pay.

Agreements are made in joint conference. It seems that rules and hours are regulated universally, while wages are legislated for in districts.

The wages of the workmen per week in 1914 and 1920 are given in the following table:

	1914	1920
Gaffer.....	\$10.05-\$12.18	\$91.35-\$97.44
Servitor.....	4.06- 4.87	56.84- 71.05
Gatherer.....	2.84- 3.25	30.45- 36.54
Carrying-in boy.....	1.62- 2.03	18.27- 22.33

The workers in the press ware department receive a wage in keeping with what is recorded in the foregoing table.

They admit to membership all male and female workers of Czech nationality regardless of ability. Even the manager of the plant must be a member of the union, and at one factory we found the manager was vice-president of the union.

This organization has a membership of 18,000, which they divide as follows:

Plant workers.....	9,000
Window workers.....	1,000
Bottle workers.....	1,000
Cutters, etc.....	3,000
Other male and female workers.....	4,000

All the male and female workers employed in the glass industry are organized with the exception of those engaged in the "house" industry.

Production is limited by the local organizations and workmen are required to be governed accordingly.

When plants are closed to rebuild furnaces and make similar repairs the heads of shops are not required to work, but they receive 80 per cent of their average wages, while the other workmen are employed doing another class of work and are paid a wage commensurate with their efforts.

There are about 100 idle furnaces at the present time.

Vacations with pay must be granted. They are regulated by what they call paragraph 17 of their contract, the provisions of which are:

"Interruptions of one-half hour's duration or longer during the turn must be paid for, even though it would require two or three stops to constitute the half-hour or more. If a plant closes and the workmen have an opportunity to secure employment in another plant, they must accept. If the workmen are placed at an expense, such as car fare to another city, the employer pays the expense.

"If a plant is closed for one week's time, thereby preventing the workmen from following their trade, then each workman is paid an average week's wage equal to his earnings for the last normal working period. If the idleness extends beyond a week and up to the maximum duration of six weeks, then what is called 'boarding' money is payable weekly. Boarding money, based upon an average weekly earnings for the previous four weeks, will be paid as follows:

Kronen.	Kronen.
40 to 75 kronen..... 40	300 to 350 kronen..... 210
75 to 100 kronen..... 60	350 to 400 kronen..... 230
100 to 125 kronen..... 80	400 to 450 kronen..... 260
125 to 150 kronen..... 100	450 to 500 kronen..... 290
150 to 175 kronen..... 120	500 to 575 kronen..... 320
175 to 225 kronen..... 140	575 to 650 kronen..... 360
225 to 275 kronen..... 160	650 kronen and over..... 400
275 to 300 kronen..... 190	

(A kronen is equal to 20.3 cents.)

"At the end of six weeks every claim to indemnification ceases, and the respective workman who has been forced to lay off receives (if he keeps up his relation as an employee) aid, the particulars of which shall be arranged separately."

Children are not allowed to work until 14 years of age, and males and females are prohibited from working at night until they have passed 16 years of age.

Provisions have increased in cost from 1,200 to 1,500 per cent since 1914, while clothing has increased from 2,000 to 3,000 per cent. Wages have not kept pace, having increased only from 600 to 700 per cent.

Rent is charged according to earnings. They have six classifications. Information can be best imparted through the attached table:

	Average weekly wage.	American equivalent.	Average weekly rent.	American equivalent.
	<i>Kronen.</i>		<i>K. H.</i>	
Class 1.....	100	\$20.30	1 50	\$0.30
Class 2.....	160	32.48	2 50	.51
Class 3.....	260	52.78	4 00	.81
Class 4.....	360	73.08	5 50	1.12
Class 5.....	460	93.38	7 00	1.42
Class 6.....	560	113.68	8 50	1.73

K. and H. stand for kronen and hellers. It takes 100 hellers to make a krone. A krone is equal to 20.3 cents.

At one plant we visited in Teplitz the head of the company informed us that his concern furnished its workmen with houses consisting of two rooms, each room being 38 to 55 square meters (about 20 by 20 to 20 by 30 square feet) in size, and a kitchen free of charge. In addition to this the company furnished coal free, but made a charge of 6 kronen (\$1.22) per month for electric lights.

Little work was done during the war, the able-bodied men being at the front and the industry handicapped by Government laws.

The workers now produce more in eight hours than was formerly produced in nine and one-half hours.

Ten districts comprise the organization, six of which are governed by their own secretaries, who are paid by the union. Each district regulates local questions, but in general they are guided by the national board.

Average wage of workmen employed around a glass works per week was stated to be:

	Kronen.	American equivalent.		Kronen.	American equivalent.
Stirrer.....	200	\$40.60	Cutters.....	600	\$121.80
Apprentice.....	70	14.21	Polishers.....	350	71.05
Mixers.....	180	36.54	Oven workers.....	450	91.35
Assorters.....	220	44.66	Carrying-in boys.....	70	14.21
Glass cutters.....	650	131.95	Form-holding boys.....	65	13.95
Form makers.....	400	81.20	Sticking-up boys.....	65	13.19
Helpers.....	250	50.75			

All these workmen work eight hours daily.

Women are employed as packers, assorters, and wrappers. Formerly they worked as cutters, but this has been done away with. The wages of women are 20 per cent lower than those of men doing the same class of work.

A cooperative works is operated by the workers in which they work for less money and make greater production than when employed by another manufacturer.

Glory holes were conspicuous by their absence in some plants, the workers warming their ware in the pot mouth from which they gathered.

Every man and woman employed in or around a glass plant in the Teplitz district is a member of the union, with the exception of the president of the company and the directors.

Boys and girls paste the molds for the workmen in the Inwald plant at Teplitz.

In this plant an extra windpipe circled the furnace and tanks, these being used to furnish an air current for the workmen. This is a modern works.

The management informed us that the average wage of the workers in the Inwald plant was: Blower, 540 kronen (\$109.62) per week. The blocker was paid 75 per cent and the gatherer 40 per cent of the blower's rate.

Where it was possible to do so, all paste molds were made 1 meter (39 inches) long. This enables the workmen to make three and four chimneys at a time, while globes were made from two to six at a time.

The following statement of earnings of the workmen employed in one of the plants at Teplitz was taken from the books of the company while we were in the office. They are being reported in American equivalents in order to avoid confusion:

	Mini- mum.	Maxi- mum.	Average.		Mini- mum.	Maxi- mum.	Average.
A.....	\$102.72	\$162.20	\$131.14	C.....	\$108.80	\$163.42	\$125.05
B.....	106.37	150.83	130.73	D.....	116.93	156.72	127.08

The blowers on the shop receive 75 per cent of the gaffer's rate, while the gatherers are paid from 35 to 55 per cent of the gaffer's rate.

PASSIVE RESISTANCE.

When we were in Teplitz, Czechoslovakia, the glassworkers were in controversy with their employers, the latter having refused a demand for a 30 per cent increase in wages. The demand was made on January 24, and the employers were required to make answer the following day.

The demand of the workers was denied, so they immediately applied what is known as the "passive resistance rule." This meant that production should be promptly decreased 50 per cent and wages reduced accordingly. Every member of the union was required to reduce his labor one-half. Even the bookkeepers, chemists, and manager were so affected.

In a conversation with Karl Victoria, head of the union, he declared that the employers would have to give in, and if they failed to do so the following Monday the workers would reduce the production to 30 per cent of the ordinary output. The production was subsequently reduced, but soon thereafter a satisfactory settlement was reached, carrying with it an increase in wages ranging from 5 to 25 per cent, and it was made retroactive as of December 1.

The employers were in the position that if they closed their plants the works would be taken over and operated by the Government, and this they desired to avoid. The sequence to this situation is that the employees practically control the Government.

COST OF MATERIALS.

One employer stated that materials now cost from 20 to 30 times more than previous to the war, giving the following comparisons which are set forth in American equivalents:

	1914	1920		1914	1920
Potash.....	\$8.09	\$162.40	Soda.....	\$2.64	\$72.90
Sand.....	6.09	162.40	Coal.....	10.15	304.50

ITALY.

Glass is not produced in Italy to an extent that need cause us anxiety. Milan was the only city where we visited a glassworks. Here we had the privilege of inspecting a plant where electric bulbs and tube were being made.

The workers gathered, marveled, blew, held their own mold, cracked off and cleaned off their iron and made 800 bulbs in eight hours. They worked with a clean iron. They are paid 7 to 8 liras (\$1.35 to \$1.54) per hundred. All piecework.

They inquired about our method of work. We explained how we used a gatherer and blower. The manager replied by saying that they had worked the same system years ago, but found it necessary to abandon it.

The dummy was very small, not over 10 inches high. Workmen worked on the floor, but had an inclined platform extending about 3 feet out from the dummy.

Pot mouths were divided so that two men could gather at one and the same time. Five to seven men were working from the same pot. Glass was very poor and so was the grade of ware produced.

Workers did very little marveling. They went across the marveler about 7 inches and back, gave one short swing of the glass and immediately went into the mold. They worked the glass very cold.

A day's work consists of eight hours. They do not work at night. The pots hold 1,200 pounds. This company has three furnaces. Tube was made in a crude way. A lamp room employing 600 lamp workers was connected with the plant.

Workmen are furnished homes with rent free. The houses are quite nice, all built of stone or brick. A man with wife and one child is furnished with two rooms—a family with three children is given a house with three to four rooms.

If workmen are required to move from one city to another all the expenses of the family are borne by the company.

Glassworkers are divided into nine organizations. Mario Scolari, secretary of the organization in which the bulb workers hold membership, was formerly a newspaper correspondent. He is what is recognized as a "propagandist." He never worked at the glass trade.

A questionnaire was presented to Secretary Scolari, which was translated into the Italian language. He promised to have all questions answered, but to date we have not received the information promised.

FRANCE.

We submitted a questionnaire to the officers of the union in France. Our questions were practically the same as those presented to the officers in Germany and Czechoslovakia. It hardly seems necessary to repeat them, nor is the need so great for the reason that the quantity of ware coming to the United States from France is insignificant. Again the information obtained is not sufficiently authentic. However, from the data gathered the following statements are justified:

Eight hours constitute a day's work, six days a week, workmen working the same number of hours on Saturday as on any other week day. Previous to the war 57 hours were recognized as a week's work. They work but one shift—day-time only. Workmen report for work from 10 to 15 minutes before starting time. They work unlimited piecework.

The glass trade is divided into nine districts. Wages and rules are made in joint conferences in the various districts—in other words, they make district in place of universal agreements:

Wages per day.

	1914		1920	
	Francs.	American equivalent.	Francs.	American equivalent.
Gaffer.....	10	\$1.93	30-35	\$5.70-\$6.76
First blower.....	8	1.54	29-32	5.60- 6.18
Second blower.....	7	1.35	28-30	5.40- 5.79
Gatherer.....	5	.97	22-25	4.25- 4.83
Presser.....	7	1.35	28-30	5.40- 5.79

Skilled workmen set the pots at some plants, but in most instances pot setting is done by the laborers. Pots are generally set after working hours. When skilled workmen set pots they are paid 2½ francs (48 cents) each.

PRESENT WAGES OF OTHER WORKMEN.

Cutters, 25 francs (\$4.83) per day; mixers and selectors, 22 francs (\$4.25) per day; mold makers, 35 to 40 francs (\$6.76 to \$7.72) per day; grinders (women), 12 francs (\$2.32) per day; grinders (men), 18 francs (\$3.47) per day; furnacemen, 20 to 25 francs (\$3.86 to \$4.83) per day; carrying-in boys, 12 to 14 francs (\$2.32 to \$2.70) per day; window-glass workers, 60 to 70 francs (\$11.58 to \$13.51) per day.

All workmen engaged around a plant are admitted to membership in the union. The workmen engaged in making stem ware and tableware are not very well organized.

In some localities furnaces are held in reserve to avoid idleness. This is done where they have two or more furnaces.

It is customary to have a summer stop of from one to two months, during which time the workmen are not paid. Glass plants operated about one-third time during the war.

Children are not permitted to work before they are 13 years of age, nor are they allowed to do skilled work at the trade when less than 16 years of age.

Since 1914 living cost has increased about 400 per cent and wages 300 per cent. Rent costs the workmen from 30 to 50 francs (\$5.80 to \$9.65) per month.

Bulb blowers gather and blow their own and each man produces from 900 to 1,000 in eight hours.

A dummy mold holder with a heel-and-toe movement, operated similarly to a pedal on a sewing machine, seemed to be a clever contrivance; still it may cause the ankle to become tired. By placing the weight on the heel the mold remained open, but when the weight of the body was thrown on the toes the mold closed.

Coal cost 23 francs (\$4.44) a ton in 1914, while in 1921 they are paying 500 francs (\$96.50).

In one of the furnaces we visited in Paris we found the space that would ordinarily be utilized for two pots was partitioned off and used for glory holes. Wood was used to produce a flame.

Secretary Delzant was very kind to us. He was busy with a meeting of his executive board, still he devoted much time to aiding us in our mission. His office is in Paris.

Both Mr. McCreary and I were invited to address the executive board. The task was undertaken with the aid of two interpreters, but they were unable to translate our statements.

LEADERSHIP.

After meeting and mingling with the leaders of the glassworkers in England, Belgium, Holland, Germany, Czechoslovakia, and France I can say without compunction that the impression I received from those who have been chosen to direct the energies of our brethren abroad is that they are capable, energetic, and agreeable gentlemen, who are deserving of the united support of those who comprise the membership of their respective organizations.

EUROPEANS TAKE LIFE EASY.

In studying the characteristics of the people of England and continental Europe you do not find them active and eager to hustle as are the people in America. They seem to be possessed with the idea that they should take life easy. This was noticeable in practically all walks of life, and not infrequently the natives would call attention to our disposition to hasten matters.

It was an interesting contrast to watch the men at work in the glass plants that we visited and note how easy-going they are and how slowly they approached their work when compared with the American workman, who applies himself to his task with greater rapidity.

THE REAL EVIL.

In a perusal of the data compiled in this report the reader will quickly discern that the cost of producing glassware in Belgium, Germany, Czechoslovakia and other countries is much higher than in America. It is likewise true that the wages paid to the workmen are greater than those paid to the American workmen. But this is readily accounted for by reason of the very

low value of foreign money as compared with the value of the American dollar.

When I state that last October the rate of exchange in England, Ireland, and Scotland was such that we received \$1.37 of English money in exchange for \$1.00 of our money, in Belgium \$2.04, in Holland \$1.24, in Germany \$15.47, in Czechoslovakia \$15.83, in Austria \$131.95, in Hungary \$89.11, in Serbia \$6.75, in Italy \$5.21, and in France \$2.64, then it can be understood what an inducement there is to use American money in the purchase of products from abroad and bring such products into America at a price that American workmen and manufacturers can not compete with. It is my judgment that no reduction in wages will enable us to meet this situation so long as the value of foreign money remains so low. The rate of exchange is the real evil.

MONEY VALUES.

That the reader may more fully understand the financial situation as it exists between the United States and European countries, and appreciate its seriousness, it should be remembered that what was once equivalent to an American dollar was, on the occasion of our visit, worth only the amounts stated as follows:

England, 73 cents; Belgium, 34 cents; Holland, 80 cents; Germany, 6½ cents; Czechoslovakia, 6½ cents; Italy, 19 cents; France, 38 cents.

Another illustration: For 6½ cents in American money importers can purchase one dollar's worth of German-made goods.

Belgian money: One hundred centimes equal 1 franc. One franc equals 19.3 cents of American money when the franc is at par. In December the franc was reduced in value until it was only equal to 6½ cents of our money.

French money: Computed same as Belgian money, and was equal to about 7½ cents of our money in February.

Holland money: One hundred cents equal 1 guilder. One guilder equals 40 cents of American money when the guilder is at par. In December the guilder was reduced in value until it was only equal to 32 cents of our money.

German money: One hundred pfennigs equal 1 mark. One mark equals 23.8 cents of American money when the mark is at par. In December the mark was reduced in value until it was only equal to a trifle over 1½ cents of our money.

Czechoslovakian money: One hundred hellers equal 1 krone. One krone equals 20.3 cents of American money when the krone is at par. In January the krone was reduced in value until it was equal to less than 1½ cents of our money.

Italian money: One hundred centesima equal 1 lira. One lira equals 19.3 cents of American money when the lira is at par. In February the lira was reduced in value until it was equal to less than 3½ cents of our money.

APPRECIATION.

The officials of the organizations in each and every country we visited treated us with the greatest courtesy and consideration. In practically every instance we were required to converse through the medium of an interpreter, but the constant willingness of the officials abroad to respond was indeed gratifying, and I take this means of expressing my appreciation for the many kindnesses shown to us.

CONCLUSION.

I am not unmindful of the great honor conferred on me by those who selected me to make this investigation. I am sure it will readily be seen from the extensive data collected in this survey that I applied myself to the task, which was not always pleasant. My fondest wish and my greatest hope, however, are that the statistics—the material facts and figures of the European glass-making countries—contained in this document will prove beneficial to the industry in America and especially to the members of the American Flint Glass Workers' Union.

STATEMENT OF THOMAS W. McCREARY, SUPERINTENDENT
PHOENIX GLASS CO., MONACA, PA.

Mr. McCREARY. Mr. Chairman, the manufacturers interested in the production of illuminating glassware are interested in having an additional paragraph in the tariff law that will enable us to determine with some degree of accuracy the volume and the value of imports of that class of glassware.

In addition to that, we desire that a tariff of 60 to 65 per cent be imposed; and also that the American valuation plan be adopted. Mr. Clarke in his remarks this morning stated that he and I had a joint trip through Europe to investigate the conditions in the glass industry, he representing the workers and I representing the manufacturers.

We spent about five months' time there, during which we traveled through the chief producing glass centers of Europe, which are Germany, Belgium, France, and Czechoslovakia.

In those countries we found that the labor conditions were, as measured from the American standpoint, very bad. The living conditions of the workmen were far below the standard of the American workmen. Their wages ranged from about 8 to 1 to 10 to 1 in comparison with the American standard wages.

The opinion that Mr. Clarke and I have both come to is that the chief advantage the foreigner has over the American glass manufacturer in our line is due to the fact that they pay an extremely low rate wage in Europe.

Glassware that we produce in this country that costs us at the present time approximately \$24 a day to produce, in Germany and Czechoslovakia will cost anywhere from \$3.50 to \$4.50 a day to produce.

We came in contact with exporters in Europe and secured quotations on glassware. They gave the prices to us, and when we suggested the possibility of a tariff being raised they merely laughed at us and told us, "You could raise your tariff 100 per cent and we will still be able to undersell you."

One manufacturer in Germany who exported all his goods to America stated that it is possible for him to sell the goods in America at less than what our wage rate is. We knew it, and yet he told it to us in such a manner that indicated that he felt pride in the fact that he could sell glassware in the home market cheaper than we could produce it on labor cost alone.

We have evidence in our reports which we will submit to you in a brief form, showing that we can not possibly hope to compete in the American market unless we receive some protection from the cheap labor of Europe.

The Senator this morning asked Mr. Clarke why we dwelled on that fact. Well, the reason we dwell on that is due to the fact that we feel that the difference in the rate of wages being paid in Europe and America is a factor that the American Legislature can help us on. We do not come to you and ask for any relief on purely legitimate and competitive basis, where it comes to the question of efficiency, where it comes to the question of production, or where it comes to the question of procuring cheaper raw material; that is something that we believe the American Congress has no power to

help us on. But we do believe you have a power and a right to help us along on a question that involves wages such as the difference between those paid the American glassworker and those paid the foreign glassworker.

For instance, if this globe you see above your head [indicating]—I believe it is American production, but a similar article I have seen made in Czechoslovakia—and the labor cost on that article—not the one we see there, but the one very similar in shape—was 5 or 6 cents per hundred, and the American glass manufacturer's labor cost on that is \$1.66 per hundred.

In addition to the cheap labor, they have advantages over us in the way of raw material and, in some instances, coal. But coal is dearer there, as measured in American dollars, in a good many cases than it was in 1914. But lime, lead, soda, ash, and those ingredients are in many cases a great deal lower, as measured in the American dollar, than they were in 1914. But on that point we do not dwell. We consider that they have a legitimate advantage there. But what we do say is that we feel that you should grant us some relief on the wage rate, on the difference between the cost of production in Europe and the cost of production in America, based on the wages alone.

I shall take pleasure in joining Mr. Clarke in submitting a brief. (The report referred to is as follows:)

EUROPE'S FLINT GLASS INDUSTRY.

[By Thos. W. McCreary, superintendent of the Phoenix Glass Co., Monaca, Pa.]

MONACA, PA., March 14, 1921.

TO the GLEASON-TIERBOUT GLASS CO.; PITTSBURGH LAMP, BRASS & GLASS CO.; PHOENIX GLASS CO.; H. C. FRY GLASS CO.; JEFFERSON GLASS CO.

GENTLEMEN: I submit herewith for your consideration the results of my investigation of the economic and industrial condition of the principal glass-producing countries of Europe, confining my work as far as possible within the limits of the glass industry.

ENGLAND.

The work was jointly undertaken and finished by Mr. W. P. Clarke, president of the A. F. G. W. U., and the writer. This work was undertaken on a commission from you to the writer and occupied five months' time, during which we traveled more than 14,000 miles and came in contact with eight of the chief glass-producing countries of Europe. We arrived in London Friday, October 29, 1920, and soon were in touch with people to whom we had letters of introduction. We learned from those to whom we talked that England, economically and industrially speaking, was in very bad shape. Their money had depreciated at that time about 28 per cent. Industry was burdened to the breaking point by the enormous taxes levied. Capital was avoiding further investment instead of seeking it. Living costs were high. Unemployment stalked through the land and was increasing daily; and labor, thus thrown out of employment and faced with high living costs, was discouraged, discontented, and in a very ugly mood. Parades of the unemployed throughout England were of common occurrence.

The English glass industry had not up to this point felt the full effects of the depression, but complaints were made about the competition of continental glass manufacturers in the English market. We saw glassware from Belgium, Germany, Sweden, Czechoslovakia, and Japan. Thin-blown tableware, wines, cordials and tumblers from Belgium was being laid down in England, according to the statement of several manufacturers with whom we talked, at a less price per dozen than the English cost. An 8-ounce thin-blown tumbler from Belgium was shown to us that was laid down in London for 84 cents per dozen, while

a common pressed 8-ounce tumbler made in America cost \$1.28 per dozen laid down in London. The man who showed us these tumblers represented an American manufacturer who up until the summer of 1920 enjoyed for years a very lucrative trade on this line. While the prices quoted on some Belgian glassware were less than the English glass manufacturers' cost, the prices quoted on a similar line from Czechoslovakia were less than the Belgian quotation, and in one case just exactly one-half of the Belgian price; yet the article in question, a cordial, made in Czechoslovakia, was more richly cut than was the product of Belgium. Belgium price was 7 shillings per dozen, Czechoslovakia 3s. 6d., and the English cost approximately 9 shillings per dozen. A complete line of glassware from Czechoslovakia was seen, consisting of cordials, nappies, tumblers, vases, ovals, lamps, finger bowls, puff boxes, stem ware, electric, and shades. For elegance of design and artistic workmanship they could not be surpassed, and the quality of the glass was all that could be desired. We were quoted the following prices per dozen:

	English money.	American money.	
		Normal rate of exchange.	Prevailing exchange.
	s. d.		
Cordials, neatly cut.....	3 6	\$0.84	\$0.70½
Cut tumblers.....	6 0	1.44	1.04
Et. electrics, one end finished.....	9 0	2.16	1.50
Et. hexagon electrics.....	14 0	3.36	2.42
10-inch opal shades.....	12 0	2.88	2.08

They guaranteed delivery in any quantity, package free, breakage not to exceed 5 per cent, and prices for one year. They would pack in any quantities desired—4 dozen, 6 dozen, or 8 dozen. The gentleman who handled this line laughed when the question of American tariff was mentioned, saying, "A 100 per cent tariff could be imposed and yet we could enter the American market." This company has under consideration the question of opening an office and show rooms in America. From another source we secured the following quotations:

	English money.	American money.	
		Normal rate of exchange.	Prevailing exchange.
	s. d.		
Duplex chimneys, 2 gross lots.....per gross..	72 0	\$17.28	12.44
20 line veritas, 2 gross lots.....do.....	72 0	17.28	12.44
10 bulge, 2 gross lots.....do.....	96 0	23.04	16.59
8 bulge, 2 gross lots.....do.....	84 0	21.60	15.55
10 line kosmos, 6 gross lots.....do.....	39 0	9.36	6.74
6 line kosmos, 8 gross lots.....do.....	36 0	8.64	6.42
9-inch opal shades, 2½-inch fitter, 1 gross lots.....per dozen..	11 6	2.76	1.98
10-inch opal shades, 2½-inch fitter, 1 gross lots.....do.....	12 3	2.94	2.12

Packages free, breakages guaranteed not to exceed 5 per cent. At this place we also saw samples of chimneys and lenses made in Japan, but were informed that deliveries on chimneys was not regular, and received no quotation. The lighting glassware this company was quoting prices on was made in Czechoslovakia and Sweden. German-produced glassware made its appearance in the English market for the first time since 1914. We saw shipments consisting of illuminating glass from Germany, Czechoslovakia, and Sweden. Swedish packing showed the best net results of all in the shipments we saw unpacked. In passing will say we are of the opinion the prices quoted in the London market at the time of our visit were based on the wages and conditions pre-

vailing prior to January 1, 1921. Since that date wages have been increased considerably and hours reduced in Germany, Belgium, and Czechoslovakia in the glass industry. This will be dealt with under its proper head when reporting for these countries. As I proceeded through England and visited various factories I soon discovered there was a lack of uniformity in wages, hours of work, production, and factory conditions. There appeared to be on the part of some manufacturers and their workmen a lack of a proper appreciation of the present questionable position of the English glass industry and the causes that produced it. The writer, having spent but a few weeks visiting various plants in different parts of the country, would not presume to say he thoroughly understood the causes that have reduced the industry to its present position. He has, however, been strongly impressed with certain phenomena which in his opinion would produce the results if let go unchecked for any length of time. Chief among these is the lack of a progressive spirit among some of the manufacturers, as shown by the absence of properly constructed factories with the necessary equipment. Factory conditions that prevailed in the industry 100 or 150 years ago are still to be seen in some localities. Factories built without windows for light or proper ventilation. Factories where the only natural light they get is through the opening in the top of the cone-shaped building or when some one opens the door of the factory to enter and where the ventilation is supplied through a hole in the floor leading from the cave or a hole cut in the wall of the factory, which we noticed was covered most of the time, and factories where skilled workmen are compelled to work in an atmosphere laden with the escaping smoke from the furnace and lehrs, whose uneven floors were littered with debris and whose walls evidently were never introduced to a coat of whitewash must certainly have a depressing rather than an elevating effect upon the morale of the workmen. It at least sets an example of indifference and unresponsive action to the progressive spirit of their foreign competitors on the Continent. And to these the fact that there are very few glory holes successfully operating in England, that a considerable amount of finishing ware is done at the pot mouth from which the gathering boy on the shop is working, that shops are very frequently not arranged to get the best production out, that furnaces are in use requiring as long as 36 to 48 hours to melt a pot of glass, and in some factories require 48 hours to work out, notwithstanding the pots have a capacity only of about one-half or two-thirds the capacity of the American pot, and one can get an idea of the English manufacturer's contribution to the decline of the English glass industry. None of the manufacturers are guilty of all the causes above enumerated, but all are more or less contributory. Two of the best-looking factories visited in England were Beatson, Clark & Co., of Rotherham, and the Icknield Glass Works, at Birmingham. These factories were well lighted and ventilated and were neat and clean in appearance. The workmen are fairly well organized, but, in the opinion of the writer, not very competently led.

Among the leaders in the labor movement of the glass industry of England whom it was our pleasure to meet there was only one, and he occupied, I understand, a subordinate position, who, in the opinion of the writer, displayed a knowledge of the industry commensurate with his position. He is Mr. William Bradford, of Birmingham. He displayed a knowledge of the causes producing the conditions in the industry and showed a more firm grasp and understanding of the situation than did any other workman or labor leader with whom we conversed in England. The English glassworker's contribution to the decline of his industry is by no means a negligible quantity. He has strongly opposed the introduction of new ideas, fought bitterly against improved methods of production and placed himself, generally, in opposition to any movement that would increase production. He stood still while others went forward, and his standing still made it easier for his competitors to go forward. He basked in the warmth of the sunshine of the past glories of his industry when English glass was supreme. His pride in the past lulled him into a false feeling of security. He did not recognize the significance of the influences that were slowly undermining him until finally the market that once was his was entered by the products of more progressive workmen and manufacturers. Even then, though he still had the opportunity, he failed to grasp it and clung to the false theory, as he does to-day, that the less he produces the longer it will take him to finish a job and the more work it will give him. Something must be done to awaken in him a fuller sense of his responsibilities to the industry if the little

that is yet left is to be saved. An intelligent move in the proper direction has been made by the English glass manufacturers by the formation of a company known as the British Glass Industries (Ltd.). The company is organized under the laws of Great Britain and enjoys a legal standing. This organization is the outgrowth of a movement started in 1907, when, owing to the depressed condition of trade due to foreign competition, it was found that something must be done to meet this competition and stop price cutting among themselves. The Association of Glass Bottle Manufacturers of Great Britain and Ireland was formed and comprised about 97 per cent of the manufacturers of the country. Shortly after the formation of the association they were offered the Owens automatic bottle-blowing machine, but could not pay the price. After the machine was successfully demonstrated in Germany another association was formed to secure the British rights in the machine. This association was known as the British Association of Glass Bottle Manufacturers (Ltd.), and a large percentage of the members of the Association of Glass Bottle Manufacturers of Great Britain and Ireland became shareholders in the British Association of Glass Bottle Manufacturers (Ltd.).

After the formation of these two companies it occurred to some of the leading manufacturers that more effective work could be accomplished if the two organizations were amalgamated, and an effort, which was not entirely successful, was made to that end. Some of the leading manufacturers of both organizations did amalgamate their business, and in 1913 a company was formed known as the United Glass Bottle Manufacturers (Ltd.). This company in its amalgamated form still remained a member of the original association formed in 1907 and the largest shareholder in the British Association of the Glass Bottle Manufacturers (Ltd.). Some years later the British Glass Industries (Ltd.) was formed by a separate company not in any manner connected with either of the other companies. In 1919, however, the British Glass Industries (Ltd.) acquired the ordinary shares of the United Glass Bottle Manufacturers' Co. (Ltd.).

The Association of Glass Bottle Manufacturers of Great Britain and Ireland comprises about 97 per cent of the glass-bottle manufacturers of the British Isles and includes as its members the British Glass Industries (Ltd.) and the United Glass Bottle Manufacturers (Ltd.). The British Glass Industries (Ltd.) purchases the bulk of its material for its subsidiary companies through a central purchasing office, but the disposal of its products is left, as far as possible, for each class of glassware to be dealt with by a sales department covering each specific section. Each individual subsidiary company retains its original trade name. Working conditions, wages, and hours of employment for the glassworkers are arranged by a wage board of the Association of Glass Bottle Manufacturers of Great Britain and Ireland, and a similar committee of the National Federation of Glass Bottle Workers. An agreement was made in 1910 in which the Glass Bottle Manufacturers of Great Britain and Ireland agreed to employ as glassworkers only members of the National Federation of Glass Bottle Workers, and the glassworkers' union pledged itself to work only for members of the association. The glassworkers' wages rose and fell automatically with the association official list, the basis being the wages and prices of 1910. During the abnormal times the wage board was temporarily abandoned, but its revival is again being considered.

The British Glass Industries produce machine and handmade bottles, lighting glassware, tableware, blown and pressed, stem ware, chemical and scientific glassware, and incandescent bulbs. This company is building two immense modern factories near London, one at Canning Town and another at Charlton, for the manufacture of bottles with the Owens machine. The company works four men on a three-shift daily basis, including Sunday. This gives a man one day off each week. He works approximately 42 hours per week and receives the same weekly wage he received for 48 hours per week.

The formation of the above company indicates the English glass manufacturer realizes the danger that threatens the industry and gives promise of him handling with more vigor the problems that surround him than he has in the past. Added to this, the universal demand of glass manufacturers and workmen for a tariff to protect the home market and enable the industry to be rebuilt, and the further fact that a well-organized research department is functioning under the able and well-directed efforts of Dr. W. E. S. Turner at the University of Sheffield makes one realize that an even-balanced movement is in motion, which, if continued to be properly directed, is certain to bring perma-

nent benefits to the glass industry of England. It is a hopeful sign from a British standpoint. As we continued our journey through the British Isles the lack of uniformity previously mentioned was frequently noticed. In some districts work for the week would commence Monday morning and end Friday. In another work would commence Tuesday and end Friday or Saturday, while in another district work would start Monday morning and end Saturday. The hours per day ranged from $7\frac{1}{2}$ to $9\frac{1}{2}$ hours, and in one case 12 hours, 6 hours on and 6 hours off. Some places worked all daywork, while some few places worked day and night work. In the bottle industry generally they worked a three-shift system of eight hours each, with one-half hour for lunch, making seven and one-half hours actual work. In some localities the laborers about the factory set the pots, while in others pots were set by the glassworkers.

In some factories the blowers paste their molds, while in other factories the molds are pasted by the boys in the shop. In no factory did I see a man specially to do this work. Very few factories are equipped with fan wind, and I did not see a pot shadow pan or bit kettle in an English factory. The press gatherer ran his "bit" off in the pot, and pressers in many cases cooled the plungers by holding a can of water up and inserting the plunger in the water. Girls are quite extensively employed in stopper grinding and cutting.

Piecework is the basis of pay in the industry. The workers in the blowing department come into the factory about 15 to 20 minutes before starting time to get ready to start.

In one factory we visited they pay the shop for two-thirds of ware broken in lehr, if the boy on the shop breaks it. If the breakage is the fault of the shop, other than the boy, the shop is not paid.

In some localities where they formerly worked three shifts, they have abandoned the three-shift system, and now work two shifts and have increased their production. Tube shops still work three shifts in some factories. In some localities overtime on maintenance work among mold makers is prohibited, while in another locality it is permitted. There is no regular summer stop, but one company commencing in July, 1920, gave their glassworkers one week vacation with full pay, one-third of the factory being off each week for three weeks.

In the chemical branch of the industry producing chemical apparatus, we saw young girls and boys doing the lamp work and turning out a fair quality of work. They had not yet reached their highest point of efficiency, but some of them were turning out a very good product. They were paid from £2 8s. to £3 10s. per week.

Materials for glassmaking have increased greatly since 1914.

	English money.	American money.	
		Normal rate of exchange.	Prevailing exchange.
	£ s.		
French sand costs.....per ton..	3 0	\$14.60	\$10.51
Lead costs.....do.....	67 0	325.96	234.69
Soda costs.....do.....	1 0	4.87	3.51
Coal costs.....do.....	2 10	12.16	8.76

Some of the wages received by the glassworkers, mold makers, and cutters were as follows:

At Newcastle-upon-Tyne, we were informed, the journeymen, pressers, finishers, and gatherers received the same wages. At this factory they work, according to Mr. Davidson, from 30 to 36 hours per week. Saw them press a 7 by 5 inch Holophane shade, for which the presser, finisher, and gatherer received 1s. 11d. each, or 46 cents normal exchange, and at the prevailing rate of exchange 33 cents per 100.

	English money.	American money.	
		Normal rate of exchange.	Prevailing exchange.
Gaffer on stem shop, cast stem, 11 moves.....	£ 51 6	\$12.36	\$8.90
First foot maker, for 11 moves.....	0 48 6	11.52	8.29
Finisher on bottles, per week.....	6-8 0 0	29.19-38.92	21.01-28.12
Bottle blowers, per week.....	(1)	19.46-26.76	14.01-19.27
Mold makers, per hour.....	(2)	.56-.64	.40-.46
Cutters, per week.....	4 4 7	20.56	14.80
Stopper grinding (girls), per week.....	3 0 0	14.60	10.51
Gaffer on tube shop, per pound, 400 pounds per day—cane.....	0 0 1	.02	.0144
Gatherer on tube shop, per pound, 400 pounds per day—cane.....	0 0 1	.01	.0072
Chemical ware blowers, per week.....	4 0 0	19.46	14.01
Bulb blowers, 17's, per 100.....	0 2 3	.54	.39
Bulb blowers, 19's, per 100.....	0 2 4	.56	.40
Bulb blowers, 21's, per 100.....	0 2 7	.62	.45
Bulb blowers, miniatures, per 100.....	0 1 10	.34	.24
Bulb blowers, G, 40's per 100.....	0 4 3	1.02	.73

1 £4 to £5 10s.

2s. 4d. to 2s. 8d.

In another district where tubing was being made the gaffer was employed by the company and paid 2½d. per pound. From this sum the gaffer paid the first and second foot maker, another man, and all the necessary small help, and in addition had to furnish his own bench or chair. It is stated that from the 2½d. per pound received he paid all the expenses of the shop and earned for himself £600 to £700 per year. In some of the factories where stem ware with cast stem and foot is made the workmen make from two to two and a half moves in a turn's time. The earnings would, of course, be increased accordingly. In one district they have a custom of paying the glassworkers if they are laid off work by reason of pots breaking or glass not being ready. If they work Monday and do not get to work the balance of week through the breakage of pots or glass not being ready, the shops are paid for 11 moves. If they do not work Monday and also fail to work the balance of the week the shops are paid 5½ moves.

A bonus system is in operation in some factories making bulbs and tubing. The tube shop receives a bonus of 10 per cent if it works 42½ hours per week. The bulb blowers receive a bonus of 5 shilling if they earn £3 9d. per week, and if they produce each day 600 bulbs and work 42½ hours per week, they receive an additional bonus of 7 shilling 6 pence. They do not receive the latter bonus, however, if they fail to make 600 good bulbs each day, or if they do make 600 good bulbs and fail to work 42½ hours.

The bonus for shops making G 40 bulbs is based on a daily production of 400. They produce from 600 to 800 per day. The bonus for the shops making miniature bulbs is based on the same daily production as the 17's, 19's and 21's. They produce 700 per day and have shops that produce regularly 1,000 per day. They work night turn and day turn. To get the second bonus, a blower must produce the specified daily quantity of good bulbs and work 42½ hours per week. Chalk from the hills of England is used quite extensively instead of lime. The chemical analysis of both is the same. The cost of living in England is high. In the opinion of the writer it is higher than in America. I append herewith a few of the prices noted:

	English money.	American money, normal rate of exchange.	American money, prevailing exchange.
Fat bacon, per pound.....	2s. 4d.....	\$0.56	\$0.40
Medium lean bacon, pound.....	2s. 6d.....	.60	.43
Lean bacon, per pound.....	2s. 8d.....	.64	.46
Boiling beef, per pound.....	2s. 2d.....	.52	.37
Pork chops, per pound.....	2s. 4d.....	.56	.40
First choice eggs, per dozen.....	6s.....	1.44	1.18
Second choice eggs, dozen.....	4s. 9d.....	1.14	.82
Bananas, per dozen.....	2s. 6d.....	.60	.43
Cabbage, per pound.....	8d.....	.16	.12
Potatoes, per pound.....	6d.....	.12	.09
Men's ready-made suits.....	£14 to £20.....	68.11-97.80	49.04-70.06
Men's custom-made suits.....	£18 to £27.....	87.57-131.36	63.05-94.53
Men's dress shoes.....	£2 15s. to £4 8s.....	13.33-21.38	9.60-15.52
Ladies' dress shoes.....	£2 8s. to £3 18s.....	11.65-18.92	8.39-14.62

When we arrived in England, doubt was expressed by quite a few persons with whom we conversed about our entrance into English factories. We are glad indeed to say this doubt had no foundation in fact. We were not refused admission into any English glass factory we expressed a desire to enter, and in every instance were made welcome and extended every courtesy. We renewed many of the pleasant acquaintanceships so happily formed during the recent visit to the country of the delegates of the English Society of Glass Technology and had the pleasure of meeting Dr. W. E. S. Turner, head of the department of glass technology of the University of Sheffield, and many other prominent members of that party, and also Mr. George E. Alexander, director general of the British glass industries, all of whom through information given and assistance otherwise rendered contributed to making our trip through the British glass industry a success.

BELGIUM.

The production of glassware is one of the oldest and one of the most prominent industries in Belgium. It is to a great extent localized in and about Charleroi and Liege, where raw materials of the industry are found. The raw materials for the manufacture of glass are practically all of Belgian origin with the exception of certain chemicals, especially sodium sulphate, which was imported from Germany. Boxing lumber for packing is in general imported from Scandinavia. The opening of the Campine coal field carries with it the probability of future glass plants being established in that region, especially about Moll, well known for its white sand. The glass factories of Belgium are working about three-fourths capacity, yet the production of window glass has reached approximately 63 per cent of the 1913 production. Plate glass has reached approximately 98 per cent of the 1913 production, and the production of bottles equals 105 per cent of the 1913 production, or 5 per cent greater than for the same period for that year. According to a Belgian report, window-glass manufacturers of Belgium earned a profit of 11,000,000 francs during the year 1919. In the classification of exports of glassware to the United States appears "Cut glass and tableware." This includes stemware, tumblers, glasses, sodas, lighting goods (very little of which is exported from Belgium to the United States), vases, and cut-glass articles not otherwise classified. For the 10 months' period ending October 31, 1920, this bracket showed an enormous increase both in kilograms and value as shown in francs. In 1919 for the 10 months ending October 31 there was imported into the United States from Belgium 9,101 kilograms of this class of glassware, valued at 22,300 francs. For the same period in 1920 the imports into the United States from Belgium of the same class of glassware reached 106,869 kilograms, valued at 328,980 francs. A significant point in connection with these figures is the value of the 1919 imports was 2.45 francs per kilogram, while the value of the 1920 imports was 3.078 francs per kilogram. This would appear to indicate that costs had increased between the two periods, or the Belgian franc had depreciated in value. Manufacturers complain of high costs. One manufacturer stated to the writer that business was very bad, that costs were so high he was compelled to charge as much for 10 pieces of glassware to-day as he charged for 17 pieces in 1914.

Manufacturers are strongly organized. The Government does not interfere with combinations. There is no law prohibiting it. When we arrived in Belgium we found its industries were feeling the effects of the industrial depression already noted in England. It had become serious in the textile, cotton, automobile, and cycle industries. Unemployment was common and on the increase. So serious had it become that the ministry of industry and labor was considering the constitution of a special fund and the Government came to the assistance of the textile industry by placing orders for Government consumption. The industrial workers are well organized and ably led. The workers' party, which is one of the three major groups of the national labor movement and recognized as the political expression of the workers of Belgium, is composed of (1) political groups, and (2) of economic groups. The economic is the trade-union movement and the political is the socialist movement. Both work in harmony on all questions affecting labor. The trade unions initiate a movement and the socialists support them. There are 1,200,000 industrial workers in the country, and 720,000, of 60 per cent, of them are members of labor organizations. Since the war great activity has been shown in organizing the workers. Before the war it was hardly possible to organize a strike. Now strikes are of frequent occurrence.

The workers' organizations own and operate for their benefit business blocks, theaters, picture shows, and stores. In one place they own a textile plant, and

the glassworkers' union owns and operates a bottle factory at Fraire. These cooperative enterprises have, from all reports, been well managed and have been of great benefit to the working people. In the Belgian Parliament the workers' party or socialist group have 70 members out of a total of 186. This political movement is not composed exclusively of workmen. Many very wealthy men are identified with it. Of the 70 socialist members of the parliament, 40 of them are actually working men, and 15 of them are national secretaries of labor organizations. The salaries of members have been increased from 4,000 francs per year to 12,000 francs. Through a letter of introduction presented by Mr. Clarke we met Mr. C. Mertens, secretary for the syndicate commission. This organization bears the same relation to the organized workers of Belgium as the American Federation of Labor does to the organized labor movement of America. Mr. Mertens is a comparatively young man possessing a pleasing personality. He has a knack of getting into the heart of a question quickly. He speaks English very well and briefly outlined to us a general review of the Belgian labor situation. Organization among the workers in every avenue of effort is going on rapidly. At the present time about 60 per cent of the industrial workers of the country are members of a labor organization. The workers through their executive committee arrange with the manufacturers all matters affecting both organizations; wages, working conditions, and hours of employment. No questions affecting wages, working conditions, or hours of employment are referred back from the joint conference of the executive meeting of the manufacturers and workers to a referendum vote of the membership of the labor organizations. The decisions made in joint conference are binding upon the members of both organizations.

In the diamond cutters' shop, however, they have a referendum vote on questions affecting their internal affairs, but on questions affecting their relations with the manufacturers they are bound by the action of the joint conference. The legal day's work is 10 hours. Since the war the labor organizations have succeeded in reducing the hours to 8 per day, and efforts are being made to have 8 hours recognized as a legal workday by an act of parliament. Generally speaking, there is no limit to production, and wages have increased about 700 per cent. Work is performed for six days per week for eight hours each day. Forty-eight hours per week constitutes a week's work. Boys and girls are permitted to work at 14 years of age, but the law of 1919 prohibits the employment of boys under 16 years of age, and girls or women under 21 years of age longer than 12 hours per day, with 1½ hours for rest and lunch and the hours of employment are between 5 a. m. and 9 p. m., except in hotels, restaurants, and saloons.

The King, by decree, can modify the law, when other conditions of employment are necessary, to an industry. House rents are regulated by law, which prohibits rents being increased more than 40 per cent over prewar rates. The law is ineffective, however, owing to the great scarcity of dwellings and rents have been increased as high as 133 per cent over prewar rates.

Window-glass workers blow glass 7 days per week, but for work performed on Sunday they receive time and half-time. Visiting the Val St. Lambers works, we found this to be the largest of its kind in Belgium. They have 13 16-pot furnaces. Each pot holds 1,400 pounds. They have but 9 of their 13 furnaces in operation. They employ 5,000 people, 1,200 of whom are in cutting shop. This is the only glass factory in Belgium, other than window-glass factories, that operates a night shift, and, commencing January 1, 1921, in harmony with an agreement with the glassworkers' organization they will systematically abolish night work by changing one or two furnaces each month from working day and night to working day turn only. It is expected the complete change will be made by May 1, 1921.

They produce a general line, including vases, goblets, plates, wines, cordials, colognes, finger bowls, pressware, tumblers, sodas, chimneys, and lighting glassware. They employ girls and women exclusively in the cracking off, grinding, glazing, etching, and wrapping department, for which they receive 12 francs per day. They also employ women in the mixing department. Here we also saw some strange shop arrangements. We saw two gathering boys on one press shop making light whiskies. Each gatherer gathered two at a time and carried their glass 18 to 20 feet to the press. We also observed an 8-ounce sham soda being produced with a shop of three blowers, who gathered and blowed their glass. The shop had two boys. They made 800 per day in 8 hours and were paid 24 to 32 francs per day. Here we found they were working only 6 hours per day instead of 8 hours because of dullness of trade. Before the war this company operated on a strict nonunion basis, every effort

made to organize their workmen having failed. They operated 10 hours per day and worked piecework. After the war a strike was precipitated by the workmen to compel manufacturers to comply with the principles laid down by the international labor conference, and also to resist the efforts of some manufacturers to reduce wages. Though the workmen had no money in the treasury of their union, the strike lasted five months. At the expiration of this period a conference was held between the manufacturers and workmen, and a settlement was affected. This company was temporarily granted some exceptions from the settlement made, with the result their employees are working 10, 12, and 15 francs per day less than the same work is being done for other manufacturers. When the time limit of this concession expires the company will pay the full list or their workmen will be called out on strike. They now operate 8 hours per day, with a guaranteed minimum wage. Piece-work as practiced before the war has been abolished. One of the things that impressed us was the youth of the gatherers and blowers. We witnessed boys 14, 15, and 16 years of age gathering and blowing. This company makes a special line of designs and shapes for the American market and made one shipment November 1, 1920, of 600,000 francs' worth of glassware to the United States. Total shipments of this company to the United States during the month of November, 1920, amounted to 1,000,000 francs. The company owns more than 600 houses that it lets to its married glassworkers at a nominal rent. This has been, in the opinion of officials of the workers' union, the chief stumbling block in their previous efforts to organize the workmen. The company has heretofore been able to control their men through this power. The policy of the company, according to a prominent stockholder in the concern, is to encourage them to own their homes. After 10 years' service the company will supply a house and charge only 3 per cent of the cost. If the man pays 3½ per cent of the cost for 20 years, he will own the house. In the opinion of this gentleman this was a good practice to follow for both the employee and company, as the employee under those circumstances was less liable to become a destructive radical. Heat is furnished by the occupant. At this plant the glassworkers set the pots.

	Belgian money.	American money, normal rate of exchange.	American money, prevailing exchange.
	<i>Francs.</i>		
Coal costs per metric ton in Belgium from.....	140-175	\$27.02-\$33.78	\$8.75-\$10.94
Wages at Val St. Lambert:			
Gaffer or foot setter, per day.....	25-26	4.83- 5.02	1.56- 1.63
Gaffer, special ware, per day.....	30-32	5.79- 6.18	1.88- 2.00
Blowers, per day.....	22-24	4.25- 4.63	1.37- 1.49
Gatherers, per day.....	18-20	3.47- 3.86	1.13- 1.25
Cutters, per day.....	23.50	4.54	1.47
Head and chief cutters, per day ¹	25-28	4.83- 5.02	1.56- 1.63
First boy, per day.....	8	1.54	.50
Second boy, per day.....	10	1.93	.63
Third boy, per day.....	12	2.32	.75
Fourth boy, per day.....	15	2.90	.94
Fifth boy, per day.....	16	3.09	1.00
Mold makers, per day.....	26-28	5.02- 5.40	1.63- 1.75
Cracking off, grinding, glazing, etching, and wrapping, per day.....	12	2.32	.75

¹ Head or chief cutters are what in America we would call foremen. They have charge of 25 or 30 men.

The wages of the glassworkers vary in the different districts, but efforts are now being made by the glassworkers' union to correct this inequality and make a uniform wage for the same class of work throughout the country.

	Belgian money.	American money, normal rate of exchange.	American money, prevailing exchange.
	<i>Francs.</i>		
The average rates for glassworkers and cutters in some districts are, per day.....	25-30	\$4.83-\$5.79	\$1.56-\$1.88
Other districts, per day.....	35-40	6.76- 7.72	2.19- 2.40
Laborers, furnacemen, mixers, etc., per day.....	20-28	3.86- 5.40	1.25- 1.75
Mold boys, carry-in boys, etc., per day.....	7-10	1.35- 1.93	.44- .63
Women and girls, per day.....	8-14	1.54- 2.70	.50- .87

Going to Namur we met Mr. Leon Gris, national secretary of the Glassworkers' Union of Belgium. He is also a member of the National Parliament and city council of Namur. Mr. Gris is a neat, clean-cut gentleman of pleasant appearance and manners, with a face denoting unusual intelligence. One's first impressions of him are most pleasant, and these impressions are confirmed and emphasized into convictions as one becomes more closely acquainted. He is very familiar with the glass industry of Belgium, the economic conditions of his country, and the general labor movement. He did not speak English, but his brother, a very bright young man, acted as interpreter.

Before the war the glassworkers' organization had a membership of 1,591; glassworkers were working 9½ to 10 hours per day, and the industry was working a night and day shift. Since the war the organization has grown to 8,699 members, hours have been reduced to 8 hours per day, and night work has been abolished. Since May 1, 1920, they work 8 hours per day, including Saturday. Wages have been increased about 320 per cent, and in a few special cases to 400 per cent above prewar rates, and hours per day reduced 18 per cent to 20 per cent. The glassworkers come to the factory about 15 minutes previous to starting time to arrange their shop. The glassworkers set the pots in the small factories, and in the large factories this work is performed by the factory labor. This work is done after the regular working hours, for which the company pay extra and furnish beer. The glassworker has a guaranteed minimum salary. If he is sent home because of glass shortage, lack of fuel, or broken pots, he receives the minimum salary. He has no claim if the furnace gives out, necessitating the closing of factory, or if it closes by reason of a fire or the company ceases business or for other similar causes. In cases of accident, causing a temporary shutdown, the manufacturers generally pay a part of the wage to their workmen. These cases occur rarely, however, as the employers avoid these conditions as far as possible. When glass is not good, the workmen are changed on to a job that does not require such a good quality of glass. If the workmen under these conditions fail to reach the required number for the day, they are paid under the minimum wage agreement. Workmen do not work for less wages on export trade. Living costs have increased since 1914, 370 per cent.

There are 9 factories employing about 5,700 members, in which piecework has been suppressed. Piecework, however, is worked in 26 factories employing 3,800 members. The minimum wage agreement is in force in both the day work and piecework factories. Under the joint agreement there is no limit to production, but there exists an understanding among the workmen that a certain amount of production shall not be exceeded for the reason the workmen do not receive compensation for the extra production. The usual amount made over per day is 35 to 40 pieces. The workers' organization takes the position that their members should make sufficient effort to produce a full day's work, but are opposed to their members receiving extra pay for the surplus production over normal, because the extra wage would be an inducement to push on and increase production. There is no summer stop, as we understand the term, but the workmen get four days' vacation, with pay, in August.

The four days taken are all in one week. Workmen are not paid for bad work in piecework houses. Cords and stones are considered bad work, but the minimum wage applies. All persons employed about the factory, including skilled and unskilled workmen, men and women, girls and boys, are members of the union. Gatherers are put on as apprentices and are paid according to their ability. In the flint-glass industry of Belgium there are five or six continuous tanks in operation. There are four organizations of glassworkers in Belgium—window-glass workers, flint-glass workers, window-glass cutters, and plate-glass workers. All are affiliated with Commission Syndicate except the window-glass workers, which is the oldest organization of glass workers in Belgium.

From the union officials we secured the following data on the minimum wages per day for each occupation:

	Belgian money.	American money, normal rate of exchange.	American money, prevailing exchange.
	<i>Francs.</i>		
Gaffer.....	30. 50	\$5. 89	\$1. 91
Blower.....	30. 50	5. 89	1. 91
Blower for cut glass.....	30. 50	5. 89	1. 91
Blower for cut-glass goblets.....	30. 50	5. 89	1. 91
Teasers.....	31	5. 98	1. 94
Mixers.....	24-25	4. 63-4. 83	1. 50-1. 56
Furnace men.....	24-26	4. 63-5. 02	1. 50-1. 63
Lehrsman.....	24-25	4. 63-4. 83	1. 50-1. 56
Box maker and packer.....	25	4. 83	1. 56
Mold makers.....	28	5. 40	1. 75
Blacksmiths.....	28	5. 40	1. 75
Assistant pot maker.....	23-25	4. 44-4. 83	1. 44-1. 56
Pot maker (per month).....	650-800	125. 45-154. 40	40. 65-50. 05
Cutters (male).....	30. 50	5. 89	1. 91
General labor.....	20-24	3. 86-4. 63	1. 25-1. 50
Cutter (female).....	13	2. 51	. 81
Puntying (female).....	11	2. 12	. 69
Polisher, wheel (female).....	9	1. 74	. 56
Cracking off (female).....	10	1. 93	. 63
Flattener (female).....	10	1. 93	. 63
Glazer (female).....	10	1. 93	. 63
Marker and sorters.....	9-10	1. 74-1. 93	. 56- . 63
Wrappers (female).....	8- 9	1. 54-1. 74	. 50- . 56
Apprentices.....	6- 8	1. 16-1. 54	. 38- . 50
Gatherer.....	22-25	4. 25-4. 83	1. 38-1. 56

While we were there they were asking for 32 francs per day for cut-glass goblet blowers, 34 francs per day for cut-glass blowers, 35 francs per day for gaffer on large shop, 27 francs 50 centimes for packers. Cutters receive on an average of 38 francs per day. Following is a list of a few articles, the number made per day, and wages paid skilled members of the shop:

	Per day.
1. Balloon-shape egg glass with foot and plain straight stem.....	575
2. Balloon-shape egg glass with foot and balustrade stem.....	550
3. Port-wine glass, plain.....	530
4. Sherry-wine glass, plain.....	530
5. Port-wine glass, cut.....	500
6. Sherry-wine glass, cut.....	500
7. Claret-wine glass, plain stem.....	460
8. Claret-wine glass, balustrade stem.....	420
9. Coffee glass.....	500
10. Fluted liquor glass.....	500
11. Tall egg glass.....	550

On the above list the workers are asking for the following wages per 100 for the blower, plus 50 per cent:

Item.	Belgian money.		American money, normal exchange.		American money, prevailing exchange.	
	Receiving.	Asking.	Receiving.	Asking.	Receiving.	Asking.
	<i>Francs.</i>	<i>Francs.</i>				
1.....	4	6	\$0. 77	\$1. 16	\$0. 25	\$0. 38
2.....	4. 20	6. 30	. 81	1. 22	. 26	. 40
3.....	4. 40	6. 60	. 85	1. 27	. 28	. 41
4.....	4. 40	6. 60	. 85	1. 27	. 28	. 41
5.....	4. 60	6. 90	. 89	1. 33	. 29	. 43
6.....	4. 60	6. 90	. 89	1. 33	. 29	. 43
7.....	5	7. 50	. 97	1. 45	. 31	. 47
8.....	5. 60	8. 40	1. 08	1. 62	. 35	. 52
9.....	4. 80	7. 20	. 93	1. 39	. 30	. 45
10.....	4. 60	6. 90	. 89	1. 33	. 29	. 43
11.....	4. 20	6. 30	. 91	1. 22	. 26	. 40

Shops making glasses for cutting are composed of a blower, gatherer, bit gatherer, and carrying-in boy. The average wages of a gaffer on a large shop is 48 francs per day. The large shops are composed of a gaffer, blower, gatherer, a large boy, a bit gatherer, two warming-in boys, and one carrying-in boy. Following is a list of a few articles made by the large shops and the numbers to be made each day in order that the gaffer will earn 48 francs per day. This production will give the blower 45 francs 60 centimes, and gatherer 35 francs 50 centimes per day:

Gaffer's price per 100.

	Number pieces per day.	Belgian money.	American money, normal exchange.	American money, prevailing exchange.
<i>Franks.</i>				
Jugs:				
1 pint.....	640	7.50	\$1.45	\$0.47
1 pint.....	550	8.55	1.65	.53
1 1/2 pint.....	500	9.55	1.84	.60
1 1/2-2 pint.....	465	10.35	2.00	.65
3 pint.....	340	14.15	2.73	.88
4 pint.....	275	17.85	3.45	1.12
Measuring glasses, cone and cylinder shape:				
1 and 2 ounce.....	900	5.40	1.04	.34
3 and 4 ounce.....	855	6.65	1.28	.41
6 ounce.....	800	6.05	1.17	.38
8 ounce.....	755	6.35	1.23	.40
10 and 12 ounce.....	725	6.60	1.27	.41
16 ounce.....	690	6.90	1.33	.43
20 ounce.....	640	7.45	1.44	.47
24 ounce.....	535	8.95	1.73	.56
32 ounce.....	515	9.30	1.79	.58
40 ounce.....	450	10.75	2.07	.67
Sugars.....	465	10.35	2.00	.65
Creams.....	650	6.90	1.33	.43
Butters.....	465	10.35	2.00	.65
Covers.....	550	8.55	1.65	.53
Custards.....	580	8.25	1.59	.52
Champagne bottles.....	780	6.35	1.23	.40
English pitcher, 1 pint.....	550	8.55	1.65	.53
Marine carafes:				
1 1/2 pint.....	550	8.65	1.67	.54
2 pint.....	510	9.40	1.81	.59
Ball carafes:				
1 pint.....	950	5.10	.98	.32
1 1/2 pint.....	950	5.10	.98	.32
Lipped oil bottle:				
1 pint.....		18	3.47	1.12
1 1/2 pint.....		20	3.86	1.25
Stoppers for carafes.....		4.40	.85	.28
Seidels:				
Barrel shape.....		9.50	1.83	.59
Sham bottom.....		9.50	1.83	.59
1/2 Munich.....		15	2.90	.94
1/2 Munich.....		18	3.47	1.12
Tall sucking bottles:				
Molded.....	460	10.50	2.03	.66
Molded, 9-12 ounce.....		11.50	2.22	.72
Ordinary sucking bottles.....		5	.97	.31
5 1/2-inch fly catchers, 135 M.....		9.50	1.83	.59
6 1/2-inch fly catchers, 160 M.....		10.50	2.03	.66
Fruit jars:				
1 liter.....		11	2.12	.69
1 1/2 liter.....		12	2.32	.75
2 liter.....		12.50	2.41	.78
3 liter.....		13.50	2.61	.85

We were informed the blower received 96 per cent of gaffer's rate and gatherer received 78 per cent of gaffer's rate, but the figures previously given of 45 francs 60 centimes for the blower per day and 35 francs 50 centimes per day for the gatherer represents, respectively, only 95 per cent and 74 per cent of the gaffer's rate of 48 francs per day. We have concluded a slight error has been made in the percentage given for the blower and gatherer.

Goblet shops are composed of two blowers, each one working for himself. They have a cutting-off boy and a boy with a tray that carries in two or three shops. A goblet blower can earn 33 francs per day.

HOLLAND.

Leaving Belgium we proceeded to Holland, where Mr. Clarke presented letters of introduction to Mr. S. P. Baart, president of the Glass-blowers' Union of Holland; Mr. T. August Lausberg, secretary; and Mr. F. Ripper, assistant secretary. This organization is composed of both pottery and glass workers, the president and assistant secretary being potters, while the secretary was a bottle blower. The membership is composed of 800 pottery workers and 2,500 glassworkers. Bulbs and bottles is the chief glass production. Glassworkers have no summer stop. A limited production of other glass lines is made. Glassworkers' wages average about 45 gulden per week, which at normal rate of exchange amounts to \$18 American money. At the prevailing rate of exchange when we were there, this is equivalent to \$14.40 per week. They work 45 hours per week. Eight hours per day constitute a day's work and five hours on Saturday. In the bottle industry the blowers are paid one-third of their wages if the factory is closed for any cause. This does not apply to the glassworkers in other branches of the industry. Where pot furnaces are used an extra furnace is held in reserve, so that when one burns out or is forced out of commission for repairs the one in reserve can be lighted and production can be continued uninterruptedly. During the four years from 1916 to 1920 wages increased about 125 per cent. They received a 20 per cent increase during 1920. Night work has been abolished in the industry. They have a child labor law that prohibits the employment of children under 15 years of age. In pot factories the work of pot setting is performed by laborers. They use American coal in the factories which cost 90 gulden per metric ton. At normal rate of exchange this is equivalent to \$36 per ton. At prevailing rate it equals \$28.80 American money. Before the war the manufactures used Belgian coal at a cost of 9 gulden, or \$3.60 American money, per ton. They export some glassware to Sweden, but are feeling the effects of competition from Germany and Czechoslovakia in their own markets. The Government does not subsidize manufacturers engaged in the export trade. All work in the glass industry is performed on a piecework basis.

GERMANY.

From Holland we passed into Germany, December 20, 1920, and arrived at Dusseldorf at 7.20 p. m., registering at the Breidenbacher Hof. The gentleman with whom we had some correspondence, and who was to meet us, was not at the hotel. We learned next day he was absent attending a conference of workmen and manufacturers, and would not return for several days. This meant a serious loss of time for us, but we could do nothing to avoid it. Before entering Germany, and up to the present the question of the manner in which we would be received by the average native German was a frequent subject of discussion between us, and also the peoples of other countries who knew of our intention of visiting Germany. Doubts were expressed on the wisdom of our determination and on several occasions we were flatly advised not to go into Germany. Peace had not yet been declared, and technically both countries were yet at war. Under these circumstances, it was but natural we should have, at least, some slight doubts and misgivings. We were in Germany for three weeks, during which time we came in contact with many people in all walks of life—bankers, manufacturers, labor leaders, workmen, and business men—and it is but a simple act of justice to say any fears we may have entertained as to the manner in which we would be received were quickly dissipated by the genuine spirit of hospitable welcome extended and the many courtesies shown us wherever we traveled. The welcome given and the courtesies shown were not the result of a studied effort to please or curry favor, but were, in the opinion of the writer, the manifestation of a natural attribute. Everywhere we went we were made welcome and extended every courtesy. This spirit of hospitality and friendliness was not confined to any one locality or class of people, but was manifest everywhere by all with whom we came in contact. It was evident to us the people we met were fairly representative of the nation, scattered as they were in different parts of the country and that their former leaders were guilty of a monumental crime in causing those acts to be committed which appalled the world and placed these people in a false light before the bar of justice of the nations of the earth and for which they and their unborn offspring must pay. Notice of our intent to visit Germany had preceded our arrival. Information had been sent from London, England, to German glass manufacturers that we were coming to

pry into the secrets of their industry. The information given to the German manufacturers was misleading. The facts concerning our mission were distorted, with the result that when we arrived in Germany we found the manufacturers had become alarmed and had notified the officials of the German glassworkers' union that permission to enter their factories would be denied the writer, but Mr. Clarke would be given permission to enter them. At this point is where the strength and weakness of the relative positions of Mr. Clarke and the writer was forcibly brought to our attention. Mr. Clarke's position was strengthened and assured by reason of the fact he carried letters of introduction and had a corresponding acquaintance with the leaders of the labor movement in the various countries we contemplated visiting, while the writer, with the exception of England, possessed no acquaintanceship, nor carried with him any letters of introduction from the manufacturers of this country to the manufacturers of other countries. Under these circumstances it was impossible in many instances to correct the wrong impressions, already engendered in the minds of the German manufacturers by a distortion of the facts concerning the mission of the representative of the American glass manufacturers to their country. This was the situation as we found it. It was unfortunate, but at the time nothing could be done to overcome it. Subsequently, however, in conversation with a number of manufacturers who opened the doors of their factories and extended us the courtesy of a visit to their plants the writer took the opportunity of explaining our mission and, in every instance, was assured there was no objection to the writer visiting the factories. Speaking with the director general of two of the largest glass plants in Germany, the writer expressed the opinion there were questions of common interest to both American and German manufacturers upon which views could be exchanged that would be of mutual benefit. To this thought both gave ready acceptance. Had our organization been in touch with the German glass manufacturers' organization it would not have been possible to distort the facts concerning our mission. They would not have been, as they were, unnecessarily alarmed and would not have arrayed themselves so solidly against admitting us as they were when we arrived.

Finishing our work at Dusseldorf, where we met Mr. Emil Hoffman, secretary of the seventh district, of the Glassworkers' Union, who assisted us very materially, we arrived in Berlin and went to the headquarters of the Glassworkers' Union, where Mr. Clarke presented letters of introduction. Here we met Mr. Emil Girbig, president of the Glassworkers' Union. Mr. Hermann Grunzel, vice president, Miss Elsie Leutel, stenographer and interpreter, and other prominent officials and members of Mr. Girbig's official family. Mr. Girbig, in addition to being president of the German Glassworkers' Union, which position he has held for 25 years, is also a member of the Reichstag, and for about 9 years has held the position of president of the International Union of Glassworkers. He is quiet and unassuming, but possesses a keen analytical mind and quickly grasps the facts of a problem. He is well and favorably known throughout the industry and enjoys the esteem and respect of both workmen and manufacturers. To his desire to assist Mr. Clarke and his persistence and resourcefulness is due the credit of our finally securing permission to enter some factories in Germany. His views on the glass industry are constructive and his opinions on the labor question in general are surprisingly moderate, not being greatly at variance with opinions held in America by conservative thinkers. Mr. Grunzel, the vice president, is also a well learned man. He speaks English very well and is a valuable assistant to Mr. Girbig. To him also is due credit for many courtesies received by Mr. Clarke and the writer. To Miss Leutel fell the work of translating our questions into the German language, Mr. Girbig not being able to speak or understand the English language. She then translated Mr. Girbig's answers into English. This work she performed very efficiently and rendered us very valuable assistance. She is, without doubt, of great value to Messrs. Girbig and Grunzel in their official work.

Leaving Berlin we visited several factories accompanied by Mr. Girbig and Miss Leutel. Miss Leutel acted as our interpreter on the trip. We visited one factory containing 14 furnaces of 8 pots each. Each pot held 1,400 pounds, was filled in and worked out each day. This company operates a total of 80 furnaces throughout the country and makes a general line, including pressware, iron mold ware, paste mold ware, punch tumblers, stemware, vases, lamps, thermos bottles, bulbs, and tubing. All shops using molds operate them on a dummy, including iron-mold shops. All blowers gather and blow their own glass. On punch-tumbler shops two gatherers gather balls for three

blowers. Tube shops have four men and two boys carry their glass 30 to 40 feet from the furnace to the "alley," and pull 350 to 400 pounds per day. They reheat their gathering in the pot mouth. Two boys gather balls for three blowers blowing thermos bottles. Thermos blowers received 30 marks per 100 of combination inner and outer pint bottles. They work piecework. Bulb blowers gather and blow their glass and receive 10 marks per 100 bulbs, piecework, for a bulb about the size of a 19 or 21. The sorting is done in the factory, but the men receive pay for cordy and stony bulbs. Punch blowers earn from 600 to 700 marks per week. Bulb blowers gather from 6 to 15 times on pipe before cleaning off iron. Six men gather out of one pot and two men work in one mold and produce, in 8 hours' work, 700 to 750 good bulbs. The company's loss on bulbs is about 6 per cent. The company refused an American order for 50,000,000 bulbs the day we were at the factory. While we were at this town a conference between a committee of the manufacturers and workers was in session and the bulb workers were granted an increase of 40 per cent in wages. At this plant they employ 72 skilled stem workers and turn out, per day, 13,000 to 14,000 pieces of ware. They work unlimited, but have a secret understanding among the workmen not to produce too many.

This company uses all open top pots. This is the prevailing type of pot in use throughout the country. They use 20 tons of brown coal for each furnace per day. The coal is very soft and resembles turf more than it does coal. It is said to contain 56 per cent water. Factory laborers receive 48 marks per day. In this factory they have a system of employing cutters which we subsequently found to be the custom throughout Europe where we found glass cutting. They employ a master cutter who works piecework and is held responsible for the work turned out. This master, in turn, employs two or more helpers who are paid day work.

The master lays out the work and it is to his interest to see his helpers are kept employed, as the more good work they turn out, the larger is the master's income. The master cutter also works on the wheel when he gets work enough laid out to insure his helpers will be kept constantly employed. This arrangement makes it unnecessary for the manufacturers to have a foreman for their cutting shops, and consequently saves them that expense. The master cutter earns about 500 marks per week while the helpers, who frequently do more cutting than the master, from 220 to 260 marks per week. Eight hours constitutes a day's work. Before leaving this town we visited the home of one of the workmen. The buildings are neat and attractive in appearance and are cut into suites of two and three rooms for each family. The home we were in consisted of two rooms and a kitchen and was occupied by a man and his wife. It was wired for electricity. The home was neatly and well kept. This man paid 4 marks 6 pfennig per week for the house and 8 marks per month for the electricity. The company owns the houses. Visiting another town we found the working conditions about the same. Here, however, the company which is owned by one man, had larger suites for his workmen. They consisted of three to five rooms each, except in two cases where the buildings were older and the suites consisted of two and three rooms. The suites of two and three rooms in the older building cost the occupant 3 and 5 marks per month. The larger suites in the new buildings cost the occupants 20, 22, and 25 marks per month.

We visited several other plants in all of which we found the system of work and working conditions about the same. In the plant of Schott & Genossen at Jena, however, which we visited after our final departure from Berlin, we found the system and conditions of employment different.

This company has 20 furnaces and tanks and employs 1,500 people. The glassworkers at this plant work two 8-hour shifts per day with one-half hour out for lunch, making 7½ hours actual work. They work a total of 43½ hours per week. They start to work at 4 a. m. each work day of the week and work until noon except Saturday. This turn starts to work Friday at midnight and works until 6.30 a. m. Saturday morning. The second turn starts to work at noon of each work day in the week and works until 8 p. m. except Saturday when they start to work at 6.30 a. m. and work until 1 p. m. Both turns Saturday take one-half hour out for lunch and work only 6 hours. They work piecework. If a necessity arises the workmen will work night turn in which case they will receive extra compensation for night work. Workmen get a two weeks' vacation with pay during the summer months. In addition to the regular

wages paid, each married man receives monthly 90 marks for each child in the family and 60 marks per month for the wife. If a man is selected to any civic office his wages at the factory are paid to him. We were informed this plant is now operated in harmony with the provisions of the will of Ernest Abbe and has been since March 26, 1916. Dr. Schott now acts in the capacity of a director.

The company was operating 15 of their 20 furnaces and tanks. The other 5 were out because of a lack of coal. They use 7 tons per day of the soft brown coal and coal brickettes. The brickettes are made from a combination from which much of the water has been extracted. The material used, however, contains about 16 per cent of water. The paste mold shops here are composed of 1 ball gatherer, 2 blowers, and 1 carrying boy. Their molds are 1 meter long. They make six 6-inch gas and six 6-inch air-hole chimneys to a mold full, and make from 800 to 1,000 molds full per day. A small chimney, closely resembling an O Rochester, they made 4 to a mold full and made 800 to 1,000 molds full to a day. The blower receives 10 marks each per 100 moldsful, the gatherer receives 7 marks 50 pfennig per 100 moldsful. A small, ball-shaped electric, apparently one that is "under 5 inches," was made 4 at a time and from 800 to 1,000 moldsful per day was made. This also paid the blower 10 marks per 100 moldsful, and the gatherer 7 marks 50 pfennig per 100 moldsful. We did not see the workmen make this article, but was informed that was the number made and the wages paid. Heavy miner lamps were being made by several shops. All these molds were 1 meter long. They made 400 moldsful per day. The blowers receive 20 marks each per 100 moldsful, and the gatherer receives 15 marks per 100 moldsful. In the office where we saw the ball-shaped electric, previously mentioned, we also saw a 10-inch shade made of opal glass. On this article, which is made 2 to a moldful, the production was 600 to 700 moldsful and sometimes 800 moldsful per day. The blowers received 80 marks each for 600 moldsful. The average wages at this plant are tube workers, 400 to 450 marks per week. Other glassworkers, 360 marks per week. Two molds are used by each shop—one for each blower. This plant, like all the others that we visited in Germany, made all the pots used by the company. On some special glass made by this company they use covered pots. All other glass produced is made in an open-top pot. The open-top pots are made by pouring instead of building up with plastic clay in the usual manner.

From manufacturers, located in different sections of the country, the following information was secured on the cost of glass-making material for 1914 and for 1920. Where quantity is designated by ton the metric ton is used:

	German money.		American money, normal exchange.		American money, prevailing exchange.	
	1914	1920	1914	1920	1914	1920
	<i>Marks.</i>	<i>Marks.</i>				
Coal, per ton.....	30	332	\$7.14	\$79.02	\$7.14	\$4.74
Sand, per ton.....	35	650	8.33	154.07	8.33	9.24
Soda, per ton.....	100	3,500	23.80	833.00	23.80	49.98
Notified price would be increased to.....		5,600		1,332.80		79.97
Lead, per ton.....	300	15,000	71.40	3,570.00	71.40	214.20

Another manufacturer gave the following figures:

	German money.		American money, normal exchange.		American money, prevailing exchange.	
	1914	1920	1914	1920	1914	1920
	<i>Marks.</i>	<i>Marks.</i>				
Coal (brown), per ton.....	4	100	\$0.94	\$23.80	\$0.94	\$1.43
Sand, per ton.....	30	80	7.14	19.04	7.14	1.14
Soda, per ton.....	100	1,210	23.80	287.98	23.80	17.28
Lead, per ton.....	350	10,000	83.30	2,380.00	83.30	142.80
Potash, per ton.....	300	6,000	71.40	1,428.00	71.40	85.68

From another concern the following figures were obtained :

	German money.		American money, normal exchange.		American money, prevailing exchange.	
	1914	1920	1914	1920	1914	1920
	<i>Marks.</i>	<i>Marks.</i>				
Coal, per ton.....	6.60	204	\$1.57	\$48.55	\$1.57	\$2.91
Sand, per ton.....	12	50	2.86	11.90	2.86	.71
Soda, per ton.....	82.50	1,125	19.64	267.75	19.64	16.07
Lead, per ton.....	425.50	10,505	101.27	2,500.19	101.27	150.01
Lime, per ton.....	20	154	4.76	36.65	4.76	2.19

It will be observed from the foregoing figures that glassmaking material, as measured in marks, show an enormous increase when the prices for 1914 and those of 1920 are compared. When, however, the costs for the two periods are measured in the American dollar the increase is not so great, and in many cases the costs for 1920 are actually less than those for the year 1914.

There are in Germany between 180 and 190 factories in which flint glassware is made. They employ 35,000 employees, who work 8 hours per day, 6 days per week, including Saturday, for a total of 48 hours, except in a few factories where they do not work the full 8 hours on Saturday. The workers are organized along industrial rather than trade-union lines and include in the membership of the organization the women, boys, and girls employed in the industry. Of the 35,000 employees engaged in the flint glass industry, 28,000 are members of the glassworkmen's and glassworkwomen's union of Germany. From 3,000 to 5,000 work independent and balance have membership in a smaller union. The factories operate but one 8-hour shift in each day of 24 hours, except in a few factories in Rhineland and Westphalia, where they work two 8-hour shifts. The glassworkers report to the factory about one-quarter of an hour before starting time to arrange their shops. Throughout the industry 90 per cent of the work is piecework and no limit to the loss, and 10 per cent day work. Wages are the same on goods made for export and domestic consumption. Pots are set by the skilled workmen after the regular working hours for which each workman who assists receives 7 marks 50 pfennig per hour.

Wages, hours of work, and working conditions are agreed to in a joint conference of manufacturers and workmen, and apply throughout the country. By a conference agreement made January, 1919, workmen are paid their average wages when glass is not in working condition and the men are sent home. Under these conditions, however, the manager can place the workmen at ordinary labor work or any other work about the factory, and if the men refuse to perform the work assigned to them the manufacturers are not obliged to pay. In some cases, however, manufacturers, by private agreement, do pay certain individual workmen their average wages regardless of whether or not the workmen do ordinary labor work when the conditions in the factory will not permit them to work at their trade. Production is supposed to be on an unlimited basis, but there is an understanding among the workmen not to produce too many above the agreed number per day. In factories where there are 3 or more furnaces, it is the custom to hold one in reserve to insure continuous operation. If plants are closed to make repairs or by reason of an accumulation of stock or for any other cause beyond the control of manufacturers or workmen, the employees must receive a two weeks' notice, during which time they will receive their average wages.

If the manufacturer fails to give his employees a two weeks' notice then he must continue to pay them their average wages. This is a Government law. They have a summer stop of from three days to six days, which must be given between May 1 and September 30. An employee is given three days' vacation for the first nine months he is employed in a plant, and for each additional year he is employed one day is added to his vacation period until the vacation amounts to six days. In some few instances the vacation period is nine days. While on vacation the employees receive their average pay. The contract system does not prevail in the industry, and each glassworker is paid by the company that employs him. The 8-hour law of Germany is a Government law and applies to all male and female industrial workers of the country. The child-labor law prohibits the employment of children under 14 years of age in any

industry. Sick benefits are paid to workmen from a fund created jointly by an assessment on all the workers in proportion to their earnings and by contributions from the manufacturers. The workers contribute two-thirds and manufacturers one-third to the fund.

During the first two years of the war, 50 per cent of the factories were in operation. Since 1916 about 75 per cent of the plants have been in operation. Wages have increased since 1914 from 1,000 to 1,250 per cent, and living costs about 1,500 per cent. In 1914 the glassworkers worked 54 hours per week and earned an average of 40 to 50 marks per week. The average wages in the flint-glass industry now are:

Wages of—	German money.	American money, normal exchange.	American money, prevailing exchange.
	<i>Marks.</i>		
Gaffer.....per week.....	500.00	\$119.00	\$7.14
Blower.....do.....	500.00	119.00	7.14
Blocker.....do.....	280.00	66.64	4.00
Gatherer.....do.....	200.00	47.60	2.95
Presser.....do.....	500.00	119.00	7.14
Finisher.....do.....	500.00	119.00	7.14
Press gatherer.....do.....	450.00	107.10	6.43
Teaser.....do.....	288.00	68.54	4.11
Lehrsmann.....do.....	230.40	54.84	3.29
Mixers.....do.....	290.00	69.02	4.14
Sorters.....do.....	275.00	65.45	3.92
Glass cutters.....do.....	500.00	119.00	7.14
Moldmakers.....do.....	400.00	95.20	5.71
Helpers.....do.....	280.00	66.64	4.00
Grinders.....do.....	500-600.00	119-142.80	7.14-8.57
Glazers.....do.....	300.00	71.40	4.28
Furnacemen.....do.....	450.00	107.10	6.43
Carry-in boys.....do.....	115-120.00	27.37-28.56	1.64-1.71
Hold-mold boys.....do.....	115-120.00	27.37-28.56	1.64-1.71
Stick-up boys.....do.....	170.00	40.46	2.43

The wages of the skilled glassworkers on shops making bowls, balls, Paris or ring-top domes, cone shades, electrics, and duplex chimneys differ from the figures above quoted.

Per day of 8 hours.

Bowls, 215 mm. (8 5/16 inches).....	430
Bowls, 180 mm. (6 7/8 inches).....	500
Bowls, 125 mm. (4 29/32 inches).....	800

Wages of—	German money.	American money, normal exchange.	American money, prevailing exchange.
	<i>Marks.</i>		
Blower.....per week.....	600	\$142.80	\$8.57
Blocker.....do.....	236	56.17	3.37
Gatherer.....do.....	186	44.27	2.66

Balls.—The answers we received on our inquiries on this line of ware were, in our opinion, confused with the inquiries we made on Paris top domes.

Per day of 8 hours.

Balls, 18½ cm. (7 9/32 inches).....	525
Balls, 23½ cm. (9 9/32 inches).....	400
Balls, 25 cm. (9 7/8 inches).....	380
Balls, 26 cm. 10 7/32 inches).....	370
Balls, 28 cm. (11 1/32 inches).....	300
Balls, 30 cm. (11 27/32 inches).....	270
Balls, 33 cm. (13 1/32 inches).....	210
Balls, 35 cm. (13 26/32 inches).....	160
Balls, 37 cm. (14 19/32 inches).....	130
Balls, 40 cm. (15 25/32 inches).....	105
Balls, 45 cm. (17 23/32 inches).....	65
Balls, 50 cm. (19 22/32 inches).....	45

Wages of—	German money.	American money, normal exchange.	American money, prevailing exchange.
	<i>Marks.</i>		
Blower.....per week..	600	\$142. 80	\$8. 57
Blocker.....do....	236	56. 17	3. 37
Gatherer.....do....	186	44. 27	2. 66

Paris top dome.—The answer to this inquiry we believe was confused with our inquiry on balls. An average of 600 pieces per day is made of the 8, 10, and 12 inch. Not many of this shade in the 12-inch size is used, so the production figures can be accepted as representing the production on the two popular sizes, viz, 8 and 10 inch.

Wages of—	German money.	American money, normal exchange.	American money, prevailing exchange.
	<i>Marks.</i>		
Gaffer.....per week..	700	\$166. 60	\$10. 00
Blower.....do....	700	166. 60	10. 00
Gatherer.....do....	186	44. 27	2. 66

From one of our sources of information we received production figures on bell and ball shaped electric shades of 600 pieces per day. From what we subsequently learned from factory managers and personally saw in some of the factories visited we are convinced an error has been made in the above figures. We were informed at one factory where the ball-shaped electric is made that a production of 800 to 1,000 mouldful per day are produced. At this factory they produced 4 electrics to a mouldful. The wages paid the shop are the same as paid on balls and bowls.

On a cone-shaped shade 7, 8, and 10 inches in diameter our information is that an average of 600 per day are produced. They are made single. Wages paid blower, blocker, and gatherer are the same as paid on bowls and balls.

The production per day on 10 and 12 inch duplex chimneys is, 10-inch, 1,800; 12-inch, 1,600 per day of eight hours.

Wages of—	German money.	American money, normal exchange.	American money, prevailing exchange.
	<i>Marks.</i>		
Blower.....per week..	500	\$119. 00	\$7. 14
Blocker.....do....	236	56. 17	3. 37
Gatherer.....do....	186	44. 27	2. 66

The manufacturers have divided the country into seven districts. The average wage of glassworkers in six of the districts is 360 marks per week. In the remaining districts the average wage is 330 marks. Wood mold makers and iron mold makers receive different rates of wages. The iron mold makers' rates of wages are regulated by the machinists.

The income-tax law of Germany bears very heavily on the working forces. It is deducted from the salaries of the employees and paid to the Government by the employers. Up to the 1,500 marks, 10 per cent; 1,500 and up to 2,000 marks, 15 per cent; 2,000 and up to 2,500 marks, 20 per cent; 2,500 and up to 3,000 marks, 25 per cent; 3,000 and up to 3,500 marks, 3 per cent, etc. It is collected each pay day.

Following is the 1914 and 1920 cost of foodstuffs:

Articles.	German money, 1914.	American money, prevailing exchange, 1914.	German money, 1920.	American money, normal exchange, 1920.	American money, prevailing exchange, 1920.
	<i>Marks.</i>		<i>Marks.</i>		
Bread, per 4 pounds.....	0.50	\$0.12	9.00	\$2.14	\$0.13
Butter, per 1 pound.....	1.20	.29	35.00	8.33	.50
Cheese, per 1 pound.....	1.20	.29	30.00	7.14	.43
Meat, per 1 pound.....	1.00	.24	20.00	4.76	.29
Potatoes, per 1 pound.....	.04	.01	.50	.12	.007
Lard, per 1 pound.....	.60	.14	18.00	4.28	.26
Oleomargarine, per pound.....	.90	.21	15.00	3.57	.21
Salt, per 1 pound.....	.10	.02	.40	.09	.005
Sugar, per 1 pound.....	.22	.05	5.70	1.36	.08
Flour, per 1 pound.....	.20	.05	7.00	1.66	.10
Eggs, per 1 dozen.....	1.20	.29	30.00	7.14	.43
Coal, 50 kilo, 123 pounds.....	.95	.23	15.20	3.62	.22
Soap, per 1 piece.....	.10	.02	4.50	1.07	.06
Wool, per 1 pound.....	7.50	1.79	75.00	17.85	1.07
Linen, per 1 meter.....	.80	.19	20.00	4.76	.29
Yarn, per 1,000 yards.....	.35	.08	15.00	3.57	.21
Wood, per 1 meter.....	6.00	1.43	150.00	35.70	2.14
Gas, per 4 hours.....	.10	.02	1.40	.33	.02

It will be observed the first item, bread, in the foregoing costs of foodstuffs was selling to the consumer in 1920 at 9 marks for a 4-pound loaf. The purchaser or consumer, however, pays only 4 marks 50 pfennig and the balance of 4 marks 50 pfennig is paid by the Government. Since our return to America the German glassworkers have received another substantial increase in wages the exact amount of which the writer is unable to state. The information has been written for and upon its receipt a supplementary report on the amount of the increase will be sent to the manufacturers. Many of the cutting shops are located on streams, and these shops operate by water power, thereby reducing their costs considerably.

CZECHOSLOVAKIA.

The Republic of Czechoslovakia is formed in part from the principal industrial section of the former Austrian Empire. This is particularly the case with reference to the glass industry. Ninety per cent of the glassware formerly produced within the borders of the nation over which the Hapsburg dynasty ruled is now made in the young Republic. Of the total glassware produced in Czechoslovakia, 80 per cent is exported.

In the entire country there are 109 glass factories and 170 large and small cutting shops. In the production of off-hand, press, cut, illuminating, and chemical glassware there are 80 factories with 105 furnaces; window glass, 19 factories with 24 tanks and bottles, 10 factories with 18 tanks. The Government has established an 8-hour workday throughout the country, applying to all industries. The bottle blowers and window-glass workers, however, work only 7½ hours per day. In the glass industry the employees work only 45 hours per week, work ceasing at 1 p. m. Saturday. In the bottle and window glass branch of the industry the glassworkers work three shifts per day of 24 hours. Each bottle blower works 7½ actual working hours out of each 24 hours, or 6 shifts a week. Each window-glass worker works 7½ actual working hours out of each 32 hours, or 4½ shifts each week. Glassworkers employed on furnaces work one shift out of each 24 hours. They work day turn only. Where press ware and off-hand ware is made from continuous tanks, a night shift and day shift is operated. The shops change shifts each week. Where off-hand ware is mentioned it includes paste-mold and iron-mold ware.

Glassworkers report to factory 15 minutes before starting time to arrange their shops. The hours of work on Saturday are from five to six hours. The glassworkers work piecework, and receive same wages for goods made for export and domestic consumption. The pots are set by the glassworkers, for which the workers informed us they received 30 kronen per man, and the foreman at one of the plants visited informed us they received 30 kronen per pot. The writer has written for further information on this point, and will submit it when received. All pots are set after regular working hours. For placing a ring in a pot the glassworkers receive 10 kronen, and for putting in a bridge wall in a tank they receive 60 kronen. When glass in furnaces or tanks is

not ready when the men report for work at regular starting time, they are paid 80 per cent of their time for waiting. If they are placed at other work about the factory they are paid their full wages. Blowers or gaffers are not compelled to do other work while waiting for glass, but blockers, gatherers, and other help on shops are compelled to do any other work around the factory: they are told to do until the glass is ready to work. If they refuse they can not claim wages for time lost. Joint agreements are made between the manufacturers and the glassworkers' organization, and disputes are referred to the joint body, who render final decisions on them. When a furnace is being repaired and there is no work making glassware, the blowers or gaffers are paid 80 per cent of their average wages, while the other members of the shop are placed at work about the factory and paid according to the work assigned to them. If a depression occurs, however, and manufacturers are compelled to close their factories, the employees are not paid during this period of inactivity, but can draw money on account and repay it when the factory resumes operation. There is no regular summer shutdown of factories, but workers on request can get a vacation, and when on vacation receive their regular wages. Wages are to a great extent governed by local conditions, and are established separately in each district, of which there are 10 or more in the country. There are two labor organizations in the industry, organized along national industrial lines. One organization, composed exclusively of Czechs, had a membership of 18,000, 5,000 of which are women, while the other, with about the same number of members, viz, 18,000, is composed of the German element in the industry. They disagree along national and racial lines but work in accord and harmony on all questions affecting the industry that may arise between the manufacturers and the labor organizations. Hours of employment and working conditions are uniform in all districts, but wages are regulated by the conditions in each district. The principles of both organizations are the same, and they admit to membership all persons employed in the industry, including skilled and unskilled men, boys, women, and girls. Office employees, stenographers, and foremen are also admitted. Both organizations of the workers have a combined membership of approximately 36,000. There are no nonunion factories in the country. The industry throughout the country gives employment to 75,000 persons. The difference between the total membership of both organizations of the workers and the number of persons employed in the industry represents the number of private home or house workers. They are not organized. The glassworkers are supposed to work on an unlimited basis, but there is an agreement among them, supported by the local unions of the country, not to produce in excess of a certain maximum number. Wages and piecework prices are agreed to in joint conference between the manufacturers and workers' organization in each district. The law governing the employment of children prohibits their employment under 14 years of age, and children under 16 years of age are prohibited from working at nighttime. In 1914 the off-hand shops working from tanks and furnaces worked 9½ hours per day, while the bottle and window-glass workers worked 8 hours per day. They turn out, however, more glassware in 8 hours now than they did in the longer work period before the war. During the war only a few factories were in operation. At the present time there are quite a number of factories idle because of shortage of raw material and fuel. At the present time there are about 100 idle furnaces.

The cost of living has increased 1,200 to 1,500 per cent since 1914 and wages in the white or crystal glass industry has increased only 600 to 700 per cent. Female help is employed as packers, sorters, and wrappers and are paid 20 per cent less than men. Following is a list of wages paid the glassworkers for 1914 and 1920 on offhand ware:

Per week.	Czech money, 1914.	American money, prevailing exchange, 1914.	Czech money, 1920.	American money, normal exchange, 1920.	American money, prevailing exchange, 1920.
	<i>Kroner.</i>		<i>Kroner.</i>		
Blower or gaffer	50-60	\$10.15-12.18	450-480	\$91.35- 97.44	\$5.85-6.24
Blocker.....	20-24	4.06- 4.67	280-350	56.94- 71.05	3.64-4.55
Gatherer.....	14-16	2.84- 3.25	150-180	30.45- 36.54	1.95-2.34
Carry-in.....	8-10	1.62- 2.08	90-110	18.27- 22.53	1.17-1.43
Bottle blowers.....	35-40	7.11- 8.12	400	81.20	5.20
Window-glass workers.....	50-60	10.15-12.18	750	152.25	9.74

Bottle blowers and window-glass workers pay other help on shop from their earnings. The press-ware workers receive the same wages as does the off-hand workers. Following is a list of average wages paid some of the other help about the factory:

	Czech money.	American money, normal exchange.	American money, prevailing exchange.
	<i>Kroner.</i>		
Teasers.....per week.....	200	\$40.60	\$2.60
Mixers.....do.....	180	36.54	2.34
Sorters.....do.....	220	44.66	2.86
Cutters.....do.....	650	131.95	8.44
Mold makers.....do.....	400	81.20	5.20
Mold helpers.....do.....	250	50.75	3.25
Grinders.....do.....	600	121.80	7.80
Polishers (glazers).....do.....	350	71.05	4.55
Furnacemen.....do.....	450	91.35	5.85
Apprentices.....do.....	70	14.21	.91
Carry-in boys.....do.....	70	14.21	.91
Hold-mold boys.....do.....	65	13.20	.84
Stick-up boys.....do.....	65	13.20	.84

We visited a number of cutting shops in both Germany and Czechoslovakia and found them as a rule well organized and efficiently managed. In most of the shops we visited they were operated by water power, the shops being built on the bank of a stream. The cutters worked tandem, two cutting wheels or stones being operated from one pulley. Women employed as cutters represent a small percentage of the total. In most cases where they were employed their work was confined to smoothing and polishing. In grinding, smoothing, or polishing bottles, inkwells, trays, stoppers, or other articles with flat surface the worker worked on two articles at the same time, one in each hand. Girls and women cutters earn from 150 to 200 kroner per week. A girl cutter with marked talent will earn 250 kroner per week. The shops, as a rule, were well lighted and modern in every respect. The largest shop visited is located in Haida, and consists of two buildings, three stories high, one of which has just recently been completed. They employ at the plants of this company 200 cutters in addition to some house workers who do their work in their homes. One cutting shop we visited exports all its product to the United States, Canada, and England. They do not sell any to the domestic trade of their country. Before the war this company shipped to a prominent manufacturer in the United States 500 gross to 600 gross of cut-glass stoppers each week and had received an inquiry from the same manufacturer a few days previous to our arrival at his plant for 50,000 gross of stoppers. They were in doubt about accepting the order for stoppers, as they had recently gone into the manufacture of the bottles.

They were now exporting bottles and would need the stoppers for their trade. They contemplate the erection of a glass factory in the Spring of 1921 to take care of the increased demand. This company also produces furniture knobs in large quantities, all of which are shipped to Grand Rapids, Mich. We were here informed they could ship bottles and stoppers to America cheaper than they could be manufactured there. This information was given us in a manner that left no doubt in our minds; the company took pride in the fact that they were able to undersell us in our own market. We visited a blacksmith's shop and watched a couple of "pressers" making stoppers. They received 45 kroner per 1,000. This is equivalent to \$9.14 at normal rate of exchange, but at prevailing exchange rates is equal to only 58 cents per 1,000.

The present factory system in the cutting branch of the glass industry is an evolutionary step from the system of house working and still retains many of its customs. The master cutters pay for 25 per cent of the light and power, owns all the tools and purchases most of them through the company for whom he works, including stones, smoothing wheels, mills, sand, etc. In fact, everything connected with the industry except the machinery that creates the power, is owned by the master cutter. These masters work piecework and the helpers work day or time work. In some cases, however, the helpers work on a percentage basis; the master taking 10 per cent for the use of the tools, 60 per cent for his share of the production and the balance of 30 per cent going to the helpers.

When the gentleman who owned the cutting shop explained this system of paying the cutters, the writer called his attention to the fact that under the system of paying the helpers on a percentage basis the helpers would also be working piecework as their wages would be determined by the amount of good work turned out. Decorating with paint and enamel is chiefly the product of house workers. We were desirous of seeing the living conditions of a houseworker, and visited the home of several. One we visited consisted of one room which was occupied by a man, his wife and three small children. The room was about 12 by 15 feet, and was used as a kitchen, sitting room, bedroom, and workshop. It contained a work table, which was also used as a dining table; a stove, a lounge, a bed, a baby cradle and several chairs. The wife was cooking the noon meal as we entered. The man was working at his lamp making tubes for electric chandeliers. He dealt directly with the exporter at Gablontz and sold his product by the thousand. There were four work places at the table but only two were made use of—one for himself and one for his wife, when she had finished her household duties. He buys his glass tubes from the glass manufacturers. The three small children had no shoes on their feet, though there was 6 to 8 inches of snow on the ground and a severe snowstorm was raging. We were much impressed with what we saw and wondered how people could continue to live under those conditions. We visited quite a few other homes of house workers and found the conditions not much, if any, improved over those just described. The communists in the ranks of labor throughout the country were active and causing the more conservative element of labor some concern. While we were there, action was taken by the German Glassworkers' Union of Czechoslovakia to expel them from the organization, if necessary, in order to quash their activity and curb their influence over the young men in the industry. The largest following was among the young, more impressionable and less experienced members. The middle-aged and more elderly workmen, those whose experience in life were greatest, showed scant sympathy for the doctrines of the radical communists. Notwithstanding the fact the radical doctrines of the communists have taken root in the minds of some of the workers they take pride in the product of their skill and genius. About the year 1900 they established a museum in one of the cities we visited and have filled it with beautiful specimens of Bohemian glass art, some of it being produced as early as 1760.

In this museum we examined and viewed with the keenest delight some of the most artistic and magnificent specimens of glass engraving and decorating it had ever been our good fortune to behold. The decorations and engravings ranged from the more simple conventional designs to the most elaborate hunting and water scene designs, and the work was so artistically executed that each piece we examined excited our admiration. Prior to the war the museum received regularly an appropriation from the State for its maintenance, but since the establishment of the Republic no aid has been received from the State. In the same city there is also a school, supported by State appropriations, devoted to the development of the glass industry. The school is open to both sexes, and when we were there had an enrollment of 250 students. The course requires three years to complete and the branches taught are etching, cutting, engraving, decorating, and designing, both shapes and decorations, letter writing, and business correspondence. The faculty of the school have added another branch of study to the curriculum by building a small furnace, which was to be in operation February 7, 1921, where the students will be taught the art of glass making and glass working. The students are encouraged to develop original ideas both as to shape and decorative designs. The unembellished glass blanks are now purchased from the glass manufacturer. These are given to the students to work upon. In the morning session of school they are taught drawing and designing. In the afternoon session they are working at the engraving wheel, cutting stone, decorating or etching room, transferring to the glass blanks the original designs they created in their drawing and designing courses. The manufacturers of the country encourage the students by offering cash prizes for the best product of the school in original shapes and for original decorative effects in engraving, decorating, and etching. If a manufacturer purchases a set of designs from the school they become his exclusive property and the same designs are not given to another manufacturer. The original designs of the students are shown at the Leipzig fair, which is held twice each year, and many are sold to foreign manufacturers. The finished glass product of the students is never sold in the glass market. It is either presented to a

museum or sold at private auction. The school was started in 1868 as a wood-carving school for picture frames, etc. In the year 1870 designing was added. Decorating was added in 1878. The school developed and prospered and its effects on the glass industry of Bohemia was apparent. In the year 1907 engraving was made part of the curriculum, and cutting in 1908. This year they have added glass making and glass working.

Visiting some factories we found the working conditions and system of work about the same as was found in Germany. As a rule, the capacity of the pots range from 675 pounds per pot to 1,200 pounds. Considerable colored ware is made and also opal shades with clear and colored edges. At one factory we visited we witnessed what we both considered the most skillful piece of glass manipulation and blowing we had yet seen. The shop was composed of five men and two girls. Four of the men made the first ball, covered it, and blowed the article, which was a goblet with solid stem and foot all in one piece. The fifth man kept the foot and stem straight. One girl held mold. The other girl carried in. Each blower shaped his glass in the block and placed the glass in the mold while the glass was yet very hot and flexible. As he placed the glass in the mold the girl who held the mold elevated it slightly in front, and as the blower blowed the goblet she let the mold gradually come to rest on the bottom plate. The work was quickly done and was an excellent piece of skilled workmanship. The most skillful blower in the shop appeared to us to be the fourth blower, a boy of 16 years of age. He had but recently been advanced to blowing and received the least wages of the skilled workmen. They made 800 of these goblets per day. The shop was paid 80 kronen per 100 pieces.

	Czech money.		American money, normal exchange.	American money, prevailing exchange.
	K.	h.		
Gaffer.....per 100..	16	0	\$3.24	\$0.21"
First blower.....do....	14	40	2.92	.19
Second blower.....do....	12	0	2.44	.16
Third blower.....do....	12	0	2.44	.16
Fourth blower.....do....	10	40	2.11	.14
Mold girl.....per week..	40-50	0	\$8.12-10.15	\$0.51-0.65
Carry-in girl.....do....	40-50	0	8.12-10.15	.51- .65

This company has one 12-pot furnace; each holds from 850 to 1,000 pounds and is filled and worked out each day. They operate with 14 shops. From this company we received comparative figures on their glass material for the years 1914 and 1920:

	Czech money.		American money, normal exchange.		American money, prevailing exchange.	
	1914	1920	1914	1920	1914	1920
Lime.....per ton..	Kronen. 15	Kronen. 250	\$3.05	\$50.75	\$3.05	\$3.25
Potash.....do....	300	9,000	60.90	1,827.00	60.90	116.92
Soda.....do....	110	3,500	22.33	710.50	22.33	45.47
Sand.....do....	Marks. 3	Marks. 160	.71	38.08	.71	2.28

Coloring material has increased in price proportionately.

It will be observed the price of sand was given in German marks instead of kronen. Discussing with several manufacturers their wage policy the writer suggested it would probably be better for the manufacturers and workers and the industry as a whole, also their entire country, if a high rate of wages was maintained, thereby increasing their home consumption and developing a home market for their products. Their reply was that approximately 80 per cent of the glassware produced in the country was for export and consequently it was necessary for the workmen to have small wages in order that their product could compete in the foreign markets. One of them stated that the rate of foreign exchange was the only thing that enabled them to operate at the present

time. If the rate of exchange was normal the present wage rate would make it impossible to enter the markets of the world. The above suggestion of the writer was prompted by the assertion of one of the gentlemen that when an employee gets ill the company for whom he works pays him his full wages for the first week and after the first week the Government pays him 6 kronen for himself and 1 krone per week for his wife and 1 krone per week for each child until the total amounts to 10 kronen per week.

The manufacturers in the Gablontz district closed their plants about January 25, 1921, throwing out of employment 25,000 workers. They claimed they were overloaded with stocks which they could not dispose of because of high costs. Notwithstanding this action by the manufacturers in the Gablontz district, we found as we visited the factories of another district that the workers had demanded a 30 per cent increase in wages. They had held a meeting on the Sunday preceding our arrival and delivered an ultimatum to the manufacturers Monday morning, giving them 24 hours or until Tuesday morning to either accept or reject the demands of the workers. They supported their ultimatum with a threat to reduce production 50 per cent in the event the manufacturers rejected their demands.

The manufacturers refused to comply with the demands made and the workmen immediately introduced what they term a "passive resistance strike" and cut their production 50 per cent. This act, of course, reduced their earnings also a like amount, but they could still be able to earn more money than their organization would be able to pay out in strike benefits. The workers at this juncture delivered another ultimatum to the manufacturers stating if their demand for increase of wages was not granted by the following Monday they would reduce production to 30 per cent. The day we left this district the manufacturers were holding a meeting to determine what action to take. We subsequently learned when we were in Italy the workmen carried out their threat and reduced production to 30 per cent, after which the manufacturers granted the increase in wages, ranging from 5 to 25 per cent. The passive-resistance strike is entirely different from the strike as we know it in America. When the strike of passive resistance is on the workmen report for work, and do work, but they cut production down so much that the cost of operation becomes prohibitive. When this method of striking first came to the attention of the writer he stated to one of the union officials if a situation of that kind was presented to him he would close down the factory, whereupon the official replied: "The manufacturers dare not do that. If they do we will immediately appeal to the Government, and the Government will seize the plants and operate them." We visited several factories in this district and found all the employees in all of them working 50 per cent off production in all departments. The vice president of the workers' local union is factory manager at one of the plants visited, and urged very strongly that we remain in the town one day longer than we did so that Mr. Clarke could make an address to the workmen at their meeting, to which both of us were invited. At some of the factories we visited in the district, we saw them make chimneys, electrics, inverted globes, and crimped flat shades with clear and colored edge.

On some of the shops making shades and electrics with clear and colored edge an extra boy was furnished, but on some shops the gaffer gathered or "dipped" the glass and cast the ring unassisted by a boy. When working regular the shops make 420 minimum for a move of an electric, one end finished. Our list provides for a move of 357. They made 400 minimum 10-inch crimped flat shades for a move. Our list provides for a move of 231. They make a move of 420 on a 6-inch iron-mold hexagon inverted globe, one end finished, scalloped and crimped edge. Under our list we would make a move of about 400. While in the office of the glassworkers' union we compared some of the electrics on which they make a move of 420 minimum, or 840, per day, with the electrics on which we make a move of 357, or 714, per day, and the wages paid:

	Czech money, per move.	American money, normal exchange, per move.	American money, prevailing exchange, per move.	American shop wages, per move.
	<i>Kronen.</i>			
Gaffer.....per turn.....	45	\$9.14	\$0.58	\$4.70
Blower.....do.....	32	6.50	.42	4.20
Gatherer.....do.....	22	4.47	.29	3.60

From the books of one company we secured figures on wages of gaffer. Blower, 75 per cent of gaffer's rate; gatherer, 35 to 55 per cent of gaffer's rate:

	Minimum.		Maximum.		Average.	
	K.	h.	K.	h.	K.	h.
Gaffer, per week.....	506	0	798	60	645	70
Do.....	523	60	742	50	643	50
Do.....	535	70	805	20	616	0
Do.....	576	40	772	20	625	90
Blower, per week.....	379	50	598	95	484	27
Do.....	392	70	556	87	482	62
Do.....	401	77	603	90	462	0
Do.....	432	30	579	15	469	42
Gatherer, per week.....	177	10	279	51	226	0
Do.....	278	30	439	23	355	14
Do.....	183	26	259	87	225	22
Do.....	287	98	408	37	353	92
Do.....	187	50	297	57	215	60
Do.....	294	64	467	61	338	80
Do.....	201	74	270	27	219	6
Do.....	317	02	424	71	344	24

Following is the equivalent in American money of gaffer's, blower's, and gatherer's rate for the year 1920:

	Minimum.		Maximum.		Average.	
	Normal exchange.	Prevailing exchange.	Normal exchange.	Prevailing exchange.	Normal exchange.	Prevailing exchange.
Gaffer, per week.....	\$102.72	\$9.57	\$162.11	\$10.38	\$131.08	\$8.39
Do.....	106.29	6.80	150.73	9.65	130.63	8.36
Do.....	108.75	6.96	163.46	10.46	125.05	8.00
Do.....	117.01	7.49	156.76	10.03	127.06	8.13
Blower, per week.....	77.38	4.95	121.59	7.78	98.31	6.28
Do.....	79.71	5.09	113.04	7.23	97.97	6.27
Do.....	81.56	5.22	122.59	7.85	93.79	6.00
Do.....	87.76	5.62	117.57	7.52	95.29	6.09
Gatherer, per week.....	35.49-56.49	2.27-3.62	56.73-89.16	3.63-5.71	45.88-72.09	2.94-4.61
Do.....	37.20-58.46	2.38-3.74	52.75-82.89	3.38-5.30	45.72-71.85	2.93-4.60
Do.....	38.06-59.81	2.44-3.83	60.44-94.92	3.87-6.07	43.77-68.78	2.80-4.40
Do.....	40.95-64.36	2.62-4.12	54.86-86.26	3.41-5.52	44.58-69.88	2.85-4.47

The gentleman who owned this factory discussed in a very vigorous manner the policy being pursued by the workers and stated to the officials of the union, who were with us, a continuation of their present policy would ruin the industry. He said the workers were making more money than he was and cited the case of one of his workmen who, with his three sons, were making 1,700 kronen per week. This, he stated, was more than he, as the owner of the factory, was making. Going to the plant of another company we saw them make iron mold, paste mold, press, machine, press ware, and bottles. This company has six factories in the country. At the factory we visited they have four furnaces, three of which were in operation. The fourth was being repaired. Here, as in the other plants visited in the district, the "passive resistance strike" was in operation. All employees were working 50 per cent production. Paste molds for the production of chimneys, inverted globes, squat globes, etc., were all about 1 meter long. An 8-inch duplex chimney was made four to a mouldful, 10-inch three to a mouldful, and 12-inch two to mouldful. On 7-inch squat globes they made four to a mouldful, and on small 5-inch inverted globes six to a mouldful. We were informed by the factory manager they make in a day of eight hours:

	Pieces.
1,200 to 1,600 mouldsful, 8-inch duplex chimneys.....	4,800-6,400
1,200 to 1,600 mouldsful, 10-inch duplex chimneys.....	3,600-4,800
1,200 to 1,600 mouldsful, 12-inch duplex chimneys.....	2,400-3,200
600 to 800 mouldsful, 7-inch squat globes.....	2,400-6,000
800 to 1,000 mouldsful, 5-inch inverted globes.....	4,800-6,000
800 to 900 mouldsful, 8-inch duplex globes.....	800- 900

The glassworkers receive from 18 to 20 per cent less wages for making chimneys and inverted globes than they do for making other articles in the lighting line. The average wages per week on the complete lighting line at this factory follows:

	Czech money.	American money, normal exchange.	American money, prevailing exchange.
	<i>Kronen.</i>		
Blower.....	540	\$109.62	\$7.02
Blocker.....	405	81.21	5.20
Gatherer.....	216	43.85	2.81

Glass-making material costs per ton for 1914 and 1920:

	Czech money.		American money, normal exchange.		American money, prevailing exchange.	
	1914	1920	1914	1920	1914	1920
	<i>Kronen.</i>	<i>Kronen.</i>				
Sand.....	3	80	\$0.61	\$16.24	\$0.61	\$1.04
Potash.....	300	8,000	60.90	1,624.00	60.90	103.94
Soda.....	130	3,600	26.39	730.80	26.39	46.77
Coal.....	5	150	1.01	30.45	1.01	1.95

The glassworkers own and operate a cooperative plant, where they produce more ware and work for less wages than is done in factories owned and operated by the manufacturers. They produce bottles and lighting glassware. They have a representative in New York, where they have recently opened an office. They have not, however, sent any lighting glassware into this country, so far as we could learn. When we learned of the existence of this plant and the conditions under which the workers are employed we asked how the union could justify this action with the manufacturers and received the reply that the workers employed in the cooperative plant were working for themselves and were making "the great sacrifice for the good of their class." Wages and the cost of raw material have increased greatly since 1914. From statements made by manufacturers, wages represent less than 50 per cent of total cost. The writer stated this was the reverse to the conditions in America, where, in his opinion, the labor cost represents about 65 or 70 per cent of the total cost. Mr. Carl Viktora, president of the Czech Glassworkers' Union, was confined to his home, suffering from rheumatism, when we arrived in the district where he is located. After visiting the various factories and meeting several of the manufacturers of the district, accompanied by Mr. J. Straus, editor of the glassworkers' paper, and Mr. Karl Lowit, interpreter, both of whom assisted us very materially in our work and extended us many courtesies, we repaired to the home of President Viktora. We found him confined to his bed, physically incapacitated, suffering from rheumatism, but mentally keen and alert. His clear, bright eyes, denoting mental alertness and intelligence, and his chin and jaw speaking volumes for his force of character and will power. He is very well spoken of and held in high esteem by the members of his organization. He is 38 years old, and informed us he could see from his home the glass factory where he as a boy, 30 years ago, worked 20 hours a day. Following are comparative prices on some articles for the years 1914 and 1920:

Unlawful prices.

	Czech money.		American money, normal exchange.		American money, prevailing exchange.		Czech money.	American money, prevailing exchange.
	1914	1920	1914	1920	1914	1920	1920	1920
	K. h.	K. h.					K. h.	
Bread, 3 kilo.....	0 84	5 0	\$0.17	\$1.02	\$0.17	\$0.07	33 0	\$0.43
Butter, 1 kilo.....	2 40	56 0	.49	11.37	.49	.73		
Cheese, 1 kilo.....	2 40	42 0	.49	8.53	.49	.54		
Meat, 1 kilo.....	1 60	28 0	.32	5.68	.32	.36		
Potatoes, 1 kilo.....	0 6	1 0	.01	.20	.01	.01	3 20	.04
Lard, 1 kilo.....	1 20	40 0	.24	8.12	.24	.52		
Oleomargarine, 1 kilo.....	1 60	30 0	.32	6.09	.32	.39		
Salt, 1 kilo.....	0 14	2 0	.03	.41	.03	.03		
Sugar, 1 kilo.....	0 84	8 20	.17	1.66	.17	.11	20 0	.26
Flour, 1 kilo.....	0 38	2 0	.08	.41	.08	.03	14 0	.18
Eggs, 1 dozen.....	0 72	24 0	.15	4.87	.15	.31		
Coal, 100 kilo.....	0 80	14 0	.16	2.84	.16	.18	30 0	.39
Soap, 1 piece.....	0 20	6 0	.04	1.22	.04	.08		
Wool, 1 pound.....	8 00	90 0	1.62	18.27	1.62	1.17		
Linen, 1 meter.....	0 90	24 0	.18	4.87	.18	.31		
Yarn, 1,000 yards.....	0 40	20 0	.08	4.06	.08	.26		
Wood, 1 meter.....	6 50	180 0	1.32	36.54	1.32	2.34		
Gas, 4 hours.....	0 12	2 0	.02	.41	.02	.03		

Paste-mold workers paste their molds, there being no regular man employed to do this work. Glassworkers are furnished fuel and houses free of rent, but are charged 6 kronen per month for electric light. The homes consist of one or two rooms with kitchen. They measure about 21 to 25 feet square. From 1909 to 1919 the production of bottles increased from 52,000,000 to almost 170,000,000. The present total production of glassware for 1920 is estimated at 42,000 carloads of hollow glass, 9,500 carloads of window glass, 4,800 carloads of colored glass, and 19,000 carloads of bottles.

ITALY.

Entering Italy we soon discovered the conditions in the glass industry of that country differed greatly from those we came in contact with in the other countries we had visited. Here the manufacturers, apparently, were well organized, while the workers, though organized, were divided into 11 different organizations. They were organized along industrial lines in districts rather than trade-union lines, with a national organization. Some of the weakness of their disjointed organization had become apparent to the workers, and a meeting was held between the representatives of the various organizations while we were in Italy, having for its object the amalgamation of the 11 organizations of the workers into one national union. From what we could learn there is at present no uniformity in wages, hours, or working conditions, one line of glassware being produced in two or more districts under varying conditions. At Milan we met Mr. Mario Scolari, secretary of the glassworkers of that district. Mr. Scolari is a fine looking man of about 38 years of age, possessing a striking personality that creates a favorable impression on those he comes in contact with. He never worked at the glass trade, being employed, previous to taking up his present work, as a journalist and bank clerk. He is now what is known in Italy as a labor propagandist. Mr. Scolari introduced us to Mr. Giuseppe Rizzuto, who spoke English very well and acted as interpreter.

Accompanied by these two gentlemen, we visited a factory where bulbs were being made. This factory had three furnaces of 13 pots each. Each pot held about 1,400 pounds of material. Each man gathers, blows, cleans his iron, holds mold, and cracks off the bulb, for which they receive 7 to 8 lire per 100 bulbs. They work eight hours per day. All work is piecework. They produce 800 per day.

	Italian money.	American money, normal exchange.	American money, prevailing exchange.
Miniature bulbs....., per 100..	<i>Lire.</i> 7	\$1.35	\$0.26
14, 17, 19, 21.....do....	8	1.54	.30

The company uses 12 tons of coal for each furnace every 24 hours. The director of this company stated in answer to a question that costs, including labor and material, have increased greatly since 1914. In 1914 it cost 45 lire to produce 100 kilos of glassware, while in 1920 the cost had mounted to 300 lire. Glassworkers are furnished house rent free. The houses are well built and neat appearing. They are large, housing as many as 24 families in one house. The apartments consist of two rooms to a man, his wife, and one child, and three rooms to a larger family. If workmen are sent from one city to another by the company the expenses incurred in traveling by the workman and his family are paid by the company.

From what we could see and learn from conversation we were convinced that not much could be accomplished by continuing our work in Italy, so we took our departure, arriving in Paris, France, Thursday, February 24, 1921.

FRANCE.

When we arrived in Paris we learned to our great disappointment that the telegram which we sent to the headquarters of the French Glassworkers' Union 48 hours before our arrival had not been delivered and consequently the officials of the union were in ignorance of the time we would arrive. The telegram was delivered 24 hours after our arrival in the city. Through the unfortunate delay in the delivery of the telegram, no arrangements had been made for us to visit glass factories and our arrival at the office of the glassworkers' union was the cause of some surprise. Here we met Monsieur Ch. Delzant, National Secretary of the French Glass Workers' Union; Monsieur L. Monnier, editor of the glassworkers' official paper; and the latter's daughter, Mlle. Louise Monnier, who occupied the position of typist in the office. Monsieur Delzant is a large man of commanding appearance and is well and favorably known in the international labor movements of Europe, where he has taken an active and commanding part for many years. He possesses a pleasing personality and charm of manner that impresses those with whom he comes in contact.

Monsieur Monnier, the editor of the official paper of the glassworkers' union, is also a large man of striking appearance, whose genial disposition, beaming happy countenance, and pleasant smile made one feel, in his presence, like a life-long acquaintance. Mlle. Monnier is a charming young lady and assists her father as a typist. She is interested in the English language and has undertaken its study. Neither Mons. Dalzant or Monnier nor Mlle. Monnier, however, understood English, and Mr. Clarke or I did not understand French. The problem thus presented was quickly solved by Monsieur Delzant, who sent out to one of the adjoining offices in the building and secured the services of a young lady stenographer, Mlle. Henrietta Hivon, who temporarily acted as interpreter. She proved to be a bright, intellectual, and capable young lady, possessing a cheerful, pleasant disposition and charming manners. She spoke and understood English, and the writer experienced no difficulty in understanding what she said. She did the work of translating the questions we submitted to Monsieur Delzant into the French language and then translated his answers into English. She showed throughout our stay in the French capital an evident desire to assist all of us in our difficult task, and this she did very capably, which was very much appreciated.

Arriving in Paris, as we did, at an unexpected time, we found Monsieur Delzant in the midst of arrangements for a meeting of his national executive board and consequently unable to give us as much of his time as he would have done had he not been engaged with a meeting of his official family. Notwithstanding this, however, he devoted a considerable part of his time and all his spare time to us and rendered us valuable aid. Through his efforts we secured permission to visit a factory in Paris. This factory has three 12-pot furnaces and are building a fourth furnace, all of the recuperative type. Each pot holds about

1,300 to 1,400 pounds of glass. At this factory we witnessed what we consider a waste of furnace space. The furnaces are built to hold 12 pots but contain only 10 pots; the other arches in the furnace are used as glory holes. This shows a loss of 16½ per cent of the melting capacity of the furnace. When we went to the office of the company we were met by the secretary. He extended us a welcome and accompanied us to the blowing department, where we met the superintendent. We were conducted through the plant and extended every courtesy by both gentlemen. This company formerly made lighting goods but has not made any since the war. Their production consists of stem ware, tumblers, battery jars, chemical and laboratory glassware. We discussed with these gentlemen the increase in cost of material in 1920 over the cost of same in 1914 and were informed that material had increased approximately 2,000 per cent, and labor had also increased very materially.

	French money.		American money, normal exchange.		American money, prevailing exchange.	
	1914	1920	1914	1920	1914	1920
	<i>Francs.</i>	<i>Francs.</i>				
Sand, per ton.....	6	17	\$1.16	\$3.28	\$1.16	\$1.25
Coal, per ton.....	23	200	4.44	38.60	4.44	14.67

Lime, soda, and other materials had increased proportionately. The figures above shown do not indicate any figure near a 2,000 per cent increase, and unless the prices on other material, on which no figures were given, show a much greater increase than shown on coal and sand the estimate of 2,000 per cent increase on all material is high.

We found the working conditions in the glass industry of France identical in some respects with the conditions prevailing in the industry of Belgium, Germany, and Czechoslovakia and differing very radically in others. The conditions which are practically identical in the glass industry of the four countries mentioned are as follows: In France, as in the other countries above mentioned, the employees in the industry work eight hours per day for six days per week, making a total of 48 hours per week. They work day turn only on furnaces, or one shift in 24 hours. The glassworkers arrive at factory 10 to 15 minutes previous to starting time to arrange shops. They work piece-work except where shops are changed and make a number of different articles in a turn. The workers receive the same wages for making goods for export as they receive for making the same goods for domestic consumption. In some districts the skilled labor sets pots, while in other districts the pots are set by the unskilled workmen. When the pots are set each skilled workman assisting at pot setting is paid 2 francs 50 centimes. Pots are set after regular working hours. Wages, hours, and working conditions are agreed to in joint conference with manufacturers and committee of the workers. The agreements are made to apply to the entire district for which they are made. They do not apply universally throughout the country, as is done with the agreements made between the National Association of Manufacturers of Pressed and Blown Glassware and the American Flint Glassworkers' Union. The industry is divided into nine districts in France. District agreements appear to be the prevailing system throughout Europe. Under this system it is possible to pay different wages and produce a different number of pieces per move on the same article. The workers are organized along industrial rather than trade-union lines, and they admit to membership in their organization every person engaged in the industry, skilled and unskilled, male and female. Their organization has a membership of about 15,000 persons, though about 20,000 are engaged in the industry. All glassworkers are not members of the union, particularly those engaged in the production of tableware, goblets, and stem ware. Production is unlimited as a general rule, and no rule exists which limits the loss sustained by the workmen for bad work. Where a factory has two or more furnaces it is the custom to hold one furnace in reserve to insure continuous operation in the event an accident occurs to one of the active furnaces necessitating its closing. The contract system of employment does not exist in France. Every employee receives his or her wages from the

firm that employs them. Wages have increased 300 per cent since 1914 and living costs 400 per cent. House rents range from 30 to 50 francs per month.

During the period of the war production of glassware was about one-third of normal. Where bulbs are made the production is 900 to 1,000 per day for each man. The 8-hour law is a Government law, but was enacted in response to the demands of the labor unions and applies to both sexes throughout the country. The working conditions in the glass industry of France that differ from the working conditions in the industry in Belgium, Germany, and Czechoslovakia relate to the question of glass shortage; at the regular starting period; factory closing down due to accumulation of stock; the summer stop and wages paid during that period; the child labor law; and factories closing to make repairs. In France when the workmen report at factory and glass is not ready to work, the workmen are, as a rule, sent home and do not receive any pay, except in a few factories, for the time thus lost. In Belgium under these circumstances the workmen are paid a minimum wage. In Germany the workmen are paid their average wage under this condition, while in Czechoslovakia the workmen under these circumstances are paid 80 per cent of their wage, and if placed at other work in the factory are paid full wages.

In France there is no agreement between the manufacturers and workmen on this point, while in the other three countries agreements do exist covering this situation.

If factories close to make repairs in the glass industry of France the workmen do not receive pay during their period of idleness, while in Germany, by the provisions of a Government law, the workmen must either receive a notice two weeks previous to the date of closing the factory or receive two weeks' pay.

In Czechoslovakia, by a joint conference agreement between the manufacturers and workmen covering this question, the gaffer or head of the shop is paid 80 per cent of his average wages while the repairs are being made. The balance of shop is placed at other work and paid according to the work to which they are assigned.

If factories close because of accumulation of stock in France, the workmen are not paid. In Germany under these circumstances the workmen, under the provisions of a Government law, must either receive a two weeks' notice previous to the date of closing the factory or receive two weeks' pay. In France they generally have a summer shutdown of one or two months, during which period the workmen are not paid. In Belgium they have four days in August with pay. In Germany they have from three to nine days with pay. Vacation must be between May 1 and September 30. In Czechoslovakia there is no regular summer shutdown, but the workers get a vacation with full pay. The child labor laws of France permit the employment of children 13 years of age. In Belgium, Germany, England, and Czechoslovakia the employment of children under 14 years of age is prohibited. In Holland the age limit is 15 years. In 1914 the glassworkers of France worked 57 hours per week. Following is a comparative statement of wages paid in 1914 and 1920 to gaffer, blowers, gatherer, and presser:

Per day.	French money.		American money, normal exchange.		American money, prevailing ex- change.	
	1914	1920	1914	1920	1914	1920
	<i>Francs.</i>	<i>Francs.</i>				
Gaffer.....	10	30-35	\$1.93	\$5.79-\$6.75	\$1.93	\$2.20-\$2.57
First blower.....	8	29-32	1.54	5.60-6.18	1.54	2.13-2.35
Second blower.....	7	28-30	1.35	5.40-5.79	1.35	2.05-2.20
Gatherer.....	5	22-25	.97	4.25-4.83	.97	1.62-1.84
Presser.....	7	28-30	1.35	5.40-5.79	1.35	2.05-2.20
Cutters.....		25		4.83		1.84
Mixers.....		22		4.25		1.62
Assorters.....		22		4.25		1.62
Mold makers.....		35-40		6.76-7.72		2.57-2.93
Helpers.....		12-15		2.31-2.90		.88-1.10
Grinders (male).....		18		3.47		1.32
Grinders (female).....		12		2.31		.88
Furnace men.....		20-25		3.86-4.83		1.47-1.84
Carry-in boys.....		12-14		2.31-2.70		.88-1.03

The visit to this factory was the last one made, and brought to a close our mission. We had labored for nearly five months, our work at times being performed under the most trying conditions. At other times the work was most pleasant, and we derived much pleasure in performing it. We had traveled nearly 11,000 miles, and yet had more than 3,000 miles before us. Our travels had taken us through 12 European countries, and to the broad-spirited, liberal policy of some manufacturers, some of whom we met in each country visited, and to the hearty cooperation of labor and the labor leaders in all countries visited who helped us in every way possible are due the credit of whatever success we have obtained. In concluding the narrative of our personal observations and research of the European glass industry, I will briefly review my impressions.

In no country visited did the writer observe factory conditions as favorable and convenient for the workman as is found in the average modern American glass factory, with the exception of some factories in Germany and Czechoslovakia, and in these countries the exception applies only to the shops making iron and paste mold ware. Factory management in most factories visited did not impress the writer with the idea that sufficient thought had been bestowed upon it. The management of the shops were often at variance with the best interests of a good production and frequently were arranged just opposite to what they should be. Fan wind was a luxury seen in only one or two factories, and not one bit kettle, kettle plate, or pot shadow pan was seen in any factory in Europe. Neither was there a mold oven to heat molds where press and iron mold shops were employed, and in no factory where paste mold shop were employed was there observed a person whose duty it was to paste the molds. The blower or some member of the shop performs this work. Only once during our travels did we observe shops stop during working hours and that was in England, where the shops stopped to take tea. The glass was uniformly good in all the factories visited except three instances, in two of which the glass was stoney and one in which the glass was cordy. Two out of the three occurred in Germany and one in England. Outside of paste-mold and iron-mold ware, in both of which they greatly exceed American production figures, the chief sources of advantage which the European manufacturer has over the American manufacturer and workmen are the comparative low rates of wages received by the European glassworkers and other employees of the factories and, what appeared to be, the perfect system of organization existing among the manufacturers in the industry. This combination of organization and low wage rate gives the foreign manufacturer a very decided advantage over the American manufacturer and compels the latter to compete under the most unfair and unfavorable conditions in the American market.

It is unfair to the American manufacturer and workmen to compel them to compete in the open market with the product of foreign manufacturers whose goods are produced under conditions that are prohibited by the laws of our country. If the right to organize and introduce practical economies through collective effort into the industry, and thereby bring the industry up to its highest point of efficiency, is denied by law to the American manufacturer, then he should not be compelled to compete with the product of foreign manufacturers who are not so restricted by the laws of their land. In justice to the American manufacturer and workmen, in justice to our industry and the consuming public as a whole, these products should be denied entrance into our country or the American manufacturer should be permitted to organize and develop the industry to its highest possible point of efficiency and place us in a position to compete more effectively and with much less handicap than we are now suffering from.

SWEDEN.

We did not visit Sweden, Norway, nor Denmark in our travels. It was our original intention to do so. In conversation, however, with persons whom we believed were familiar with the glass industry of Europe we were impressed with the thought that the time, trouble, and expense incident to a visit to those countries would not be justified by the results obtained. Accordingly, we changed our plans. Subsequently we came in contact with Swedish importations of lighting glassware in the English market, but our plans at this time were so far advanced for the trip to the continental glass factories they could not be changed without a considerable loss of time and rearranging of our plans from this point. We, however, got in touch with confidential sources from which the

following information on the glass industry of the Scandinavian countries was secured.

In Denmark the total number of employees does not exceed 1,000 persons and the total value of the production for the whole industry for the entire year of 1919 amounted to about 12,270,000 kroner, divided as follows: Bottles and similar ware, 7,780,000 kroner; window glass, 60,000 kroner; other glassware, 4,430,000 kroner. The glass industry of Norway is apparently less important than that of Denmark, there not being a factory in Norway employing 100 workers. In Sweden the glass industry is one of the oldest in the country, dating back to about the year 1500.

Some of the factories still use wood for fuel, though the most of them have adopted coal as fuel. The Swedish glass industry is divided into three groups, viz, window glass, bottles, and miscellaneous other ware. Window glass is produced in quantities sufficient for domestic consumption. Some export trade is carried on in bottles and in the better grade of glassware, especially cut-glass articles. In 1914 the total value of the production of glassware in Sweden was 12,508,000 kroner, divided as follows: Window glass, 2,675,000 kroner; bottles, etc., 5,153,000 kroner; miscellaneous, 4,675,000 kroner. In 1919 the total value of the glassware produced was 43,244,000 kroner. This shows an increase in value of 30,741,000 kroner, or an increase of more than 245 per cent. The total number of employees in 1913 was 2,500, and their annual average was 958 kroner. In 1919 the number of employees had increased to 3,500, and their annual average wages amounted to 2,092 kroner. The increase in wages in 1919 over the figures for 1913 amounted to about 120 per cent. Additional increases were granted in 1919. An 8-hour working-day has been established in Sweden, Norway, and Denmark. In 1920 the average hourly wage paid the unskilled workers in the industry was about 1.25 kroner per hour. Skilled labor works piecework; but, if new articles are introduced, the workers are paid their average earnings on the previous piecework basis until sufficiently skilled on the new articles to earn their regular wages. The average earnings for skilled glassworkers are about 400 kroner per month. In addition to this they receive free house rent. Skilled glassworkers work until their glass is out. Unskilled labor works eight hours per day. If overtime is worked the workers are paid 32 per cent additional for week days, and 75 per cent additional for Sunday and holidays, also for night work between 8 p. m. and 6 a. m., except where such night work is a regular shift, in which case the usual wages are paid.

JOINT BRIEF OF WILLIAM P. CLARKE, PRESIDENT OF THE AMERICAN FLINT GLASS WORKERS' UNION OF NORTH AMERICA, TOLEDO, OHIO, AND THOMAS W. MCCREARY, SUPERINTENDENT PHOENIX GLASS CO., MONROE, PA.

DEFINITION OF "FLINT GLASS."

It is generally understood and agreed that window glass, plate glass, and common bottles are not recognized as flint glass, but that carafes, tableware, lighting and illuminating wares of all kinds—such as bulbs, chimneys, lantern globes, street lights, etc.—cut glass, engraved glass, decorated glass, drinking glasses of all kinds, thermos bottles, chemical wares, lamp work, and other articles too numerous to recount come under the classification of flint glass.

BOTH INTERESTS REPRESENTED.

In the very inception it should be understood that while the authors of this brief made a joint investigation and personally visited the leading glass centers of Europe at one and the same time (between October 17, 1920, and March 13, 1921), still each represented a different phase of America's flint-glass industry—Mr. McCreary representing the manufacturers, while Mr. Clarke represented the skilled workmen employed in the industry.

All of our inquiries were made jointly. We called on manufacturers, workers, bankers, legislators, labor leaders, representatives of our own as well as foreign governments, jobbers, importers, and exporters; in fact, we went through every available avenue, to the end that we might obtain first-hand knowledge that would enable us to thoroughly grasp the situation. When a doubt existed we secured verifications in order to prevent deception being practiced; hence, as a result of our labor, we have every reason to believe that the information that follows is both accurate and reliable.

It might be well to relate that this joint investigation was made at the solicitation of the president of the workmen, in order that facts could be established the results

of which may inure to the benefit of the American industry and those depending upon it for a livelihood.

We found the workmen thoroughly organized, and we likewise found the manufacturers united and functioning in a manner that would not be permitted under the laws of our Government.

WAGES OF GLASSWORKERS IN GERMANY.

In January, 1921, the officers of the German glassworkers informed us that the average wage of their skilled workmen was not in excess of 500 marks per week. Last March they received a 30 per cent increase. This would make their average wage approximately 650 marks per week. Under date of November 14, 1921, we were informed that the German workmen expected another increase ranging from 35 to 40 per cent. For the sake of argument we will concede that a 40 per cent increase was granted. This would add 260 marks to the 650 marks, thereby making the present weekly wage of the German glassworkers 910 marks, and at the present value of 0.0058 of a cent per mark would bring the present wage of the skilled glassworkers of Germany to the point of \$5.28 per week in American money.

SKILLED WAGE COMPARISONS.

All through Europe we learned that the glassworkers were paid a wage far less than that paid to American workmen performing a like class of work, and this may be well understood by a study of the comparative figures that follow, all of which is based on the value of the American dollar.

Electric bulbs (not lamps).—Skilled labor cost per 100: Wordsley, England, \$0.46; Leamington, England, \$0.35; Edinburgh, Scotland (average), \$0.42; Weisswasser, Germany, \$0.20; Milan, Italy, \$0.28; in America, \$1.54.

The foregoing prices show the comparisons at the time of our visit to each locality. Money values have since changed. For example, in Germany wages have increased 30 per cent, and another 40 per cent is expected and credited in this note, while the mark has dropped in value from 0.0143 to 0.0058, leaving the present wage for skilled bulb workers in Germany approximately 15 cents per 100 as compared with 20 cents one year ago.

Thermos bottles.—The comparative skilled-labor cost for producing 100 inside and 100 outside pint thermos bottles on the occasion of our visit to Weisswasser, Germany, January, 1921, was \$2.41 to the American manufacturer as compared to 46 cents to the German manufacturer. The comparison at this writing is \$2.05 to the American manufacturer as compared with 21 cents to the German manufacturer.

Lamp chimneys.—The skilled-labor cost for producing a 10-inch duplex lamp chimney in Germany is 12 cents per 100 as compared with \$2.11 in the United States. The same chimney is made in Czechoslovakia at a cost of 7 cents.

The skilled-labor cost for producing a 12-inch duplex lamp chimney in Germany is 14 cents per 100 as compared with 10 cents in Czechoslovakia and \$2.96 in the United States.

The small help used in connection with shops producing chimneys costs 91 cents a week in Czechoslovakia and \$1.68 in Germany and \$13.75 in the United States.

Shades.—A small electric shade, under 6 inches in size, costs 9 cents per 100 for skilled labor in Germany as compared with \$1.87 in the United States.

A small electric shade, one end finished, costs 31 cents per 100 for skilled labor in Czechoslovakia as compared with \$2.48 in the United States. The unskilled labor for the making of this article in Czechoslovakia is \$2.59 per week as compared with \$55 in the United States.

In Germany the skilled workmen are paid 26 cents per 100 for producing a 10-inch dome shade made from opal glass, while in the United States the skilled workmen receive \$4.23 for a like number. The unskilled labor employed in making this class of ware receive \$1.68 per week in Germany as compared with \$55 in America.

The skilled labor cost in Belgium for producing goblets, sherbets, cordials, egg cups, champagnes, wine glasses, and similar ware is 50 cents per 100 as compared with \$2.72 in the United States. The unskilled labor in Belgium employed in producing this class of glassware is \$5.64 per week as compared with \$27.50 in the United States. This applies to the boys in the shop.

Our investigation justifies the statement that the wages paid to glass cutters are: Belgium, \$11.46 per week; Germany, \$7.14; Czechoslovakia, \$8.44; United States, \$30.

Mold makers are an important factor in the glass industry and their wages compare as follows: Belgium, \$10.50 per week; Germany, \$5.71; Czechoslovakia, \$5.20; United States, \$27 to \$42.50.

UNSKILLED LABOR.

The wages for unskilled and semiskilled workmen, such as are employed in connection with the furnaces, mixing room, and lehrs, are: Belgium, \$7.50 to \$9.36 per week; Germany, \$3.29 to \$6.43; Czechoslovakia, \$5.85; United States, \$19.20 to \$33. In addition to this we found that women were frequently employed doing the work that men do in America and receiving a much less wage.

MATERIALS.

Sand, which is used extensively in the making of glass, costs the German manufacturers 71 cents per ton, while the American manufacturers are required to pay \$5.72 per ton.

Coal costs the German manufacturers \$2.91 to \$4.74 per ton, as compared with \$6.35 to American manufacturers.

Lime costs the German manufacturers \$2.19 per ton, as compared to a cost of \$20.50 per ton to the American manufacturer.

The examples that we have heretofore recorded give a fair outline of the difference in the wage paid to skilled labor in America as compared with the European countries enumerated, and when one realizes that the average wage of the average skilled American glassworker during the past 11 years has been but \$20.61 per week it can not be contended that his wage is too high.

CHEMICAL GLASSWARE.

Previous to the war practically all of the chemical glassware used in America was imported from Europe, fully 50 per cent coming in "duty free," and distributed to hospitals, laboratories, universities, and colleges. The war stopped this importation and our country was immediately placed at a terrific disadvantage. This class of ware had to be made. The representatives of our Government appealed to the manufacturers and workers for assistance. Factories were converted, others built, workmen trained, rules obliterated, and innumerable sacrifices made with the assurance that when peace came our interests would be protected, but that pledge has not been redeemed. This can be done by giving to the manufacturers and workers in this industry the protection essential to allow our manufacturers to produce chemical ware and pay a fair wage to the American workmen and still enable the employer to secure a fair profit on his investment.

In order that there shall be no doubt as to the ability of American manufacturers and American workmen producing chemical glassware, we quote from a report of the Tariff Commission, as follows:

The war proved that United States manufacturers were able to produce chemical and scientific (glass) ware superior to that produced abroad. The market for any particular brand of chemical glassware depends on its durability and resistance to solvents quite as much as on the price charged. Domestic goods have proved themselves to be as chemically resistant and far more durable than any formerly produced in the Central Empires, and for this reason are preferred by the chemical profession throughout the United States.

"This chemical branch of the industry has produced ware which is superior in every way to the imported product save price, and it is to be hoped that the domestic industry will be able to hold this business even after normal trade relations are established with continental European producers."

Dealing with chemical and laboratory glassware, we find Mr. Frank A. Sheridan, who was made very familiar with the situation during the war, saying:

"Entirely separate and distinct from the old, established industries, that for these two industries an almost prohibitive tariff would be a very desirable thing.

"My suggestion was that without reference to difference in cost or knowing anything about it, it would be a good thing to give these industries a chance to grow."

ARE FOREIGN-MADE ARTICLES COMING INTO AMERICA?

We believe that the Finance Committee is convinced that the foreign-made articles are coming into our market. If not, then we would be glad to go into this phase of the subject. However, bear with us until we cite the following:

We know that one New York house placed one order for 1,605,000 thermos bottles in Europe.

We know of one comparatively small company which imported 2,000,000 electric bulbs between March and October last.

Information reaching us justifies the belief that thin blown ware and table glassware are being imported in enormous quantities.

Lamp chimneys are being laid down in Chicago at a price of 30 cents a dozen as compared with the American price of \$1.35.

While in Val St. Lambert, Belgium, December, 1920, we secured undisputable information to the effect that the Val St. Lambert Glass Co. exported glass to America during the previous month (November, 1920) valued at 1,000,000 francs, or in normal value \$193,000. If this could be done by one concern in a month's time in Belgium, where their money value was 34 per cent of normal, then what may be expected of Germany, with its money valued at less than 2½ per cent of normal?

In the year 1913 the exported glassware from Germany—this included all kinds of glass—amounted to 146,124,000 marks, or \$33,777,512.

Our total imports of glassware, January 1 to September 30, 1921, were \$7,985,614; January 1 to September 30, 1920, \$5,250,824. Imports increased in nine months' time \$2,734,790.

Our total exports of glassware, January 1 to September 30, 1920, were \$21,779,826; January 1 to September 30, 1921, \$12,176,914. Exports decreased in nine months' time \$9,602,912.

If you will analyze the subject of imports and exports, you will learn that in the first nine months of 1921 we had a trade balance in our favor of \$4,191,300, as compared with a trade balance for the same nine months in 1920 of \$16,529,002. In other words, our trade balance for the first nine months of 1921 as compared with a similar period in 1920 was, in round numbers, just about 25 per cent, thereby indicating a very remarkable change in the situation to the detriment of the American manufacturers and the American workmen.

An important fact, and one that must not be overlooked, is that the glassware that we export is made by machinery that requires but little labor—being either automatic or semi-automatic—while the glassware that is brought into our country is made by skilled workmen, consequently the imported glassware serves to displace American workmen.

Again, if you will but remember that the value of the imported ware has been based on the value of foreign exchange, and that the value of the exchange has decreased materially since 1920, then it must be apparent that the situation is far more serious to the American glass industry than the figures we have presented really indicate.

A representative of an exporting company in London, who handles glassware made in Czechoslovakia, informed us (when we appeared at his place of business disguised as buyers) that he could guarantee prices for a year. We suggested a higher tariff in America might prevent his company making good their guaranty. He replied, "Increase your tariff 100 per cent and we can still place our glassware in America cheaper than it can be made there."

The very day we visited the mammoth glassworks at Weisswasser, Germany, the superintendent, Mr. Vincent Krebs, informed us that he had that day refused an order from America for 50,000,000 bulbs, he being unable to care for other business already booked. Bulbs are now being laid down in America at a price ranging from \$19 to \$22 per 1,000.

AMERICAN WORKMEN HAVE REDUCED WAGES.

To meet the demand for readjustments and aid in the struggle to combat competition from abroad, the members of the American Flint Glass Workers' Union have already reduced their wages from 10 to 30 per cent as well as made other sacrifices, some of which are recounted in a letter written by a prominent glass manufacturer, reading:

VINELAND, N. J., October 17, 1921.

DR. CHARLES H. HERTY,
New York City.

MY DEAR DR. HERTY: In February, at the solicitation of the American Flint Glass Workers' Union, the union met the chemical-glass manufacturers at the Hotel Walton, Philadelphia, and the union volunteered to give a 15 per cent reduction in wages to meet the foreign competition with which they were confronted. A further voluntary reduction of 15 per cent was granted the manufacturers in August, 1921, in this same department.

The chemical glassware blowers, an allied division of the glassworkers' union, accepted in August a voluntary reduction in wages of 17½ per cent and increased the working move on many items, that is to say, increased the number of pieces per

day, so that the reduction instead of being 17½ per cent will come nearer to 25 per cent.

The action of these divisions of the American glassworkers was highly commendable and, to our mind, shows the true American attitude, in that the glassworker has shown himself willing to help reduce the price of American-made glassware to come within reasonable competitive figures with imported ware.

Very truly, yours,

E. E. KIMBLE.

Profits of Belgium flint-glass manufacturers.

[From a publication printed in Brussels, December, 1920.]

	Capital.	Profits.
	<i>Francs.</i>	<i>Francs.</i>
Belgian flint-glass works.....	1,250,000	5,355,000
Flint-glass works of Vanquez at Verg.....	250,000	357,000
Flint-glass works at Jumet.....	2,000,000	3,775,000
Flint-glass works of Pige.....	1,200,000	3,686,000
Glass works of Marin at Jumet.....	1,100,000	4,002,000
Glass works at Hamendes.....	2,000,000	5,870,000
Glass works of Paix.....	1,000,000	2,021,000
The D. Jones works of Charleroi.....	1,200,000	7,714,000

We wish to leave the impression with your committee that, as a rule, there have been no great profits made by the flint-glass manufacturers in America, and in substantiation of this we find the Tariff Commission reporting that the average profit made on the capital invested in our tableware establishments to be 10.34 per cent; the average profit in the blown and pressed tableware establishments to be one-tenth of 1 per cent; the average of profit of plants making lighting goods to be 10.25 per cent; while the average profit in the lamp-chimney business was 4.86 per cent; all of which, we feel you will agree, is not an exorbitant return when the business venture is thoroughly understood.

SUGGESTIONS.

The Finance Committee having urged that we offer recommendations calculated to minimize the evil confronting the flint-glass industry because of importation, we venture to suggest:

First. That the American-valuation plan be retained in the tariff bill at all hazards.

Second. To avoid a repetition of the misunderstandings that have occurred while paragraphs 217, 218, and 230 of H. R. 7456 have been under consideration by the Finance Committee, and form a basis for a more accurate record as to the class and character of flint-glass ware that may be imported as well as exported in the future, thereby lending assistance to those who may be called on to legislate in subsequent years, we suggest that flint-glass ware be classified in the records of our Government under the following headings:

A. Illuminating glassware: This shall include lamps, shades, globes, bowls, balls, reflectors, chimneys, etc., and shall carry a duty of 60 per cent ad valorem on the American-valuation plan.

B. All glassware named in class A but consisting of more than one kind of glass, and commonly known as "plated" or "cased" glass by several layers of either clear opaque, or colored glass, and all blown glassware as described in class A that is further ornamented and enhanced in value by engraving, cutting, etching, decorating, printing, silvering, gilding, or by any other process or method embellished or refined, shall carry a duty of 65 per cent ad valorem on the American plan.

C. Incandescent electric light bulbs and lamps, with or without filaments, 60 per cent ad valorem on the American plan.

D. Chemical glassware of all kinds, whether used for experimental purposes in hospitals, laboratories, universities, or colleges, shall, under no circumstances, be admitted for less than 60 per cent ad valorem duty on the American plan.

E. Blown or hand-made tableware, such as decanters, pitchers, jugs, goblets, wines, tumblers, and kindred ware, whether blown in a mold or made by hand, shall carry a duty of 60 per cent ad valorem on the American plan.

F. All glassware named in class E that is cut, engraved, or decorated in any manner to enhance its value shall carry a duty of 65 per cent ad valorem on the American plan.

G. All pressed glassware and all other flint glass not enumerated in these specifications shall carry a duty of 60 per cent ad valorem on the American plan.

H. All thermos bottles shall carry a duty of 65 per cent ad valorem on the American plan.

THE NATIONAL ECONOMIC COUNCIL OF GERMANY.

There is a council in Germany, created by law, which functions under the name of "The National Economic Council." This body has the power, as we understand, to regulate the prices that all wares shall be sold for when exported. It is our conviction that this council advises that the ware made in Germany shall be sold in foreign countries just sufficiently below the cost of domestic goods to enable the producer to substitute his article for the domestic article; that is, that imported articles are sold at a figure as high as it is possible to acquire and yet make the sale. This enables the German manufacturers to make large profits. We suggest that the Finance Committee call upon our State authorities to secure a report from the representative of our Government at Berlin relative to the workings of the National Economic Council of Germany.

WINDOW GLASS.

[Paragraph 219.]

STATEMENT OF JAMES FRANCIS BURKE, PITTSBURGH, PA., REPRESENTING THE NATIONAL ASSOCIATION OF WINDOW GLASS MANUFACTURERS.

In view of statements recently made by the Hammer Dry Plate Co. and the Cramer Dry Plate Co., importers, and others whose interests are in natural opposition to the window-glass industry of the United States, we beg leave to direct your attention to the following:

Statement 1: The American Window Glass Co. does not produce an amount of photo dry-plate glass which will supply the demands of the dry-plate manufacturers of the United States.

Answer: This statement is positively incorrect, as the company referred to have facilities for making photo glass two or three times in excess of the normal yearly average consumptive demands of the United States, and during the war, when the importation of photo glass was entirely shut off, this company supplied for a number of years the entire requirements of the dry-plate trade in this country. During that time, in order to supply these requirements, the company was only obliged to operate a portion of its factory on dry plate. The capacity of the factory is greatly in excess of any requirements of the dry-plate trade in this country. In addition to the above, the American Window Glass Co. supplied 27,000,000 circles for gas masks, being the only glass company in the United States that could produce the glass in the thickness, quality, and flatness required for making eyepieces for gas masks.

Statement 2: The glass manufactured in this country is not of the superior quality of the glass manufactured in Belgium.

Answer: We have verbal and written reports from the largest users of photo glass in the world that our glass is fully equal, if not superior, to any glass made in Belgium.

Statement 3: Threats have been made to discontinue manufacturing photo glass in this country if the users of this commodity did not patronize the manufacturer at prices and condition it named.

Answer: This statement is absolutely untrue. Neither the American Window Glass Co. nor any of its representatives made any threats to any user of any of its products, and at all times prices named by this company for its photo glass were based upon the prices it was receiving for the balance of its products.

Statement 4: The assertion has been made that the American manufacturers of this glass have received very little business due to their failure to reduce prices.

Answer: The American manufacturer of this glass has reduced its prices to a point where it borders on the actual cost of production, such prices being within 5 to 10 per cent of the laid-down prices of Belgian glass.

The history, condition, and tariff needs of the window-glass industry in this country are set forth in the following brief of the National Association of Window Glass Manufacturers, a study of which will, we believe, more than fully sustain the plea of those whose capital and labor are involved for a degree of protection that will guard it against destruction by foreign competitors.

BRIEF OF THE NATIONAL ASSOCIATION OF WINDOW-GLASS MANUFACTURERS.

The window-glass industry in this country requires adequate tariff protection if it is to continue as an American industry. It does not receive this protection under the present tariff schedule. Schedule B, paragraph 85, of the present law, reads as follows:

"Unpolished, cylinder, crown, and common window glass, not exceeding one hundred and fifty square inches, $\frac{1}{4}$ of 1 cent per pound; above that, and not exceeding three hundred and eighty-four square inches, 1 cent per pound; above that, and not exceeding seven hundred and twenty square inches, $1\frac{1}{4}$ cents per pound; above that, and not exceeding one thousand two hundred square inches, $1\frac{1}{2}$ cents per pound; above that and not exceeding two thousand four hundred square inches, $1\frac{3}{4}$ cents per pound; above that 2 cents per pound: *Provided*, That unpolished, cylinder, crown, and common window glass, imported in boxes, shall contain fifty square feet, as nearly as sizes will permit, and the duty shall be computed thereon according to the actual weight of glass."

The above law of October 3, 1913, superseded the schedules of the Payne-Aldrich law of August 6, 1909. The provisions in schedule B, paragraph 99, of the Payne-Aldrich tariff, provided as follows:

"Unpolished, cylinder, crown, and common window glass, not exceeding one hundred and fifty square inches, valued at not over one and one-half cents per pound, $1\frac{1}{4}$ cents per pound; valued over one and one-half cents per pound, $1\frac{1}{2}$ cents per pound; above one hundred and fifty square inches, not exceeding three hundred and eighty-four square inches, valued not over one and three-quarters cents per pound, $1\frac{1}{4}$ cents per pound; valued over one and three-quarters cents per pound, $1\frac{1}{2}$ cents per pound; above three hundred and eighty-four square inches, not exceeding seven hundred and twenty square inches, valued not over two and one-eighth cents per pound, $2\frac{1}{4}$ cents per pound; valued over two and one-eighth cents per pound, $2\frac{1}{2}$ cents per pound; above seven hundred and twenty square inches, not above eight hundred and sixty-four square inches, $2\frac{1}{2}$ cents per pound; above eight hundred and sixty-four square inches, not above one thousand two hundred square inches, $3\frac{1}{4}$ cents per pound; above one thousand two hundred square inches, not over two thousand four hundred square inches, $3\frac{1}{2}$ cents per pound; above two thousand four hundred square inches, $4\frac{1}{4}$ cents per pound."

The Underwood tariff made an average reduction of about 45 per cent on the Payne-Aldrich duties. The effect of this decrease is shown by the great increase in the amount of imports of window glass. Although the Underwood tariff only became a law on October 3, 1913, the imports of window glass for that fiscal year ending June 30, 1914, were larger than in any other year since the Payne-Aldrich tariff. A still greater increase in the imports was unquestionably prevented by the outbreak of the war on August 1, 1914.

The comparatively brief period of the operation of the Underwood tariff under normal conditions demonstrated that it was bound to work great injury to the window-glass industry in this country. Realizing that the present law was totally inadequate under prewar conditions, and that it has been accentuated by postwar conditions, we suggest a schedule which, while giving reasonable protection under normal conditions, contains provisions which provide reasonable protection under the abnormal conditions existing at the present time, due to changes in operating conditions and to the difference in the rate of exchange as compared with the normal rate. The schedule we propose is as follows:

"Unpolished, cylinder, crown and common window glass, weighing not exceeding 26 ounces per square foot, not exceeding 384 square inches, valued at not over $1\frac{1}{4}$ cents per pound, $1\frac{1}{2}$ cents per pound; valued over $1\frac{1}{4}$ cents and not over $2\frac{1}{4}$ cents per pound, $2\frac{1}{2}$ cents per pound; valued at over $2\frac{1}{4}$ cents per pound, $3\frac{1}{4}$ cents per pound; above 384 square inches, not exceeding 720 square inches, valued at not over $2\frac{1}{4}$ cents per pound, $2\frac{1}{2}$ cents per pound; valued over $2\frac{1}{4}$ cents and not over $3\frac{1}{4}$ cents per pound, $2\frac{3}{4}$ cents per pound; valued over $3\frac{1}{4}$ cents per pound, $3\frac{1}{2}$ cents per pound; above 720 square inches, not exceeding 1,200 square inches, valued at not over $2\frac{1}{4}$ cents per pound, $2\frac{1}{2}$ cents per pound; valued over $2\frac{1}{4}$ cent per pound, $3\frac{1}{2}$ cents per pound; above 1,200 square inches, $4\frac{1}{4}$ cents per pound.

"For unpolished, cylinder, crown, and common window glass weighing over 26 ounces per square foot, the rates of duty shall be double the rates specified for glass weighing not exceeding 26 ounces per square foot.

"*Provided*, That unpolished, cylinder, crown, and common window glass imported in boxes shall contain 50 square feet as nearly as sizes will permit, and the duty shall be computed thereon according to the actual weight of the glass. In determining

the value of the glass for duty purposes, whenever a separate charge is made for the boxes, the price of the boxes shall be added to the value of the glass."

We submit a comparative schedule of the duties per 50-foot box under the Underwood tariff, the Payne-Aldrich tariff, and the proposed schedule, on a prewar basis of selling price.

Comparative schedule of duties under Underwood tariff, Payne-Aldrich tariff, and proposed schedule when window glass is selling at prewar prices.

Tariff classification.	Underwood tariff, duty per 50-foot box.	Payne-Aldrich tariff.		Proposed schedule.	
		Duty per 50-foot box.	Increase over Underwood.	Duty per 50-foot box.	Increase (+) or decrease (—) over Payne-Aldrich.
			<i>Per cent.</i>		<i>Per cent.</i>
Not exceeding 150 square inches.....	\$0.4375	\$0.6875	57.1	\$0.9375	+36.3
Above 150 and not exceeding 384 square inches.....	.50	.9375	87.5	.9375	.....
Above 384 and not exceeding 720 square inches.....	.5625	1.1875	111.1	1.125	— 5.3
Above 720 and not exceeding 964 square inches.....	.75	1.375	83.3	1.375	.....
Above 964 and not exceeding 1,200 square inches.....	.75	1.625	116.6	1.375	—15.3
Above 1,200 and not exceeding 2,400 square inches...	.9375	1.875	100.0	2.125	+13.6
Above 2,400 square inches.....	1.00	2.125	112.5	2.125	.....

Comparing the duties in the Payne-Aldrich tariff with the duties in the proposed schedule when foreign glass is selling at prewar prices will disclose two items showing increases, two items showing decreases, and three items providing the same rate of duty.

The proposed schedule, however, provides for a much higher rate of duty under present artificial conditions than when conditions are normal, but the rates of duty provided under present conditions are such that the Belgians could still, at their present prices, undersell the American manufacturer at New York by 15 per cent and at San Francisco by exceeding 30 per cent. While the selling price of American glass to-day represents the present cost of production of the most favorably located manufacturers, yet the Belgian price continues to drop steadily.

In asking for adequate protection to enable this industry to survive, we deem it important that we should set forth some of the principal facts bearing on the extent of the industry.

Location and number of window-glass factories in the United States: Arkansas, 2; California, 3; Wyoming, 1; Illinois, 1; Indiana, 4; Kansas, 5; Louisiana, 1; Ohio, 12; Oklahoma, 4; Pennsylvania, 24; Texas, 2; West Virginia, 33; total, 92.

The principal materials used in the manufacture of window glass are silica sand, alkalis in the form of carbonate of soda and sulphate of soda, ground limestone, lumber, coal, and natural gas.

The estimated annual consumption of the principal raw materials and supplies used in the window-glass industry are as follows:

Lumber, 70,000,000 feet. Principal sources of supply: Minnesota, Wisconsin, Florida, Louisiana, West Virginia, North Carolina, South Carolina, California, Washington, Oregon, Michigan.

Sand, 217,000 tons. Principal sources of supply: Pennsylvania, West Virginia, Indiana, Michigan, Texas, Oklahoma, Ohio, Louisiana, Kansas, Missouri, Arkansas, California.

Alkali, 87,000 tons. Principal sources of supply: New York, New Jersey, Pennsylvania, Ohio, West Virginia, Indiana, Illinois, Michigan, Missouri, Louisiana, California.

Limestone, 78,000 tons. Principal sources of supply: Pennsylvania, Maryland, Ohio, Kansas, California, West Virginia, Oklahoma, Texas.

Part of the window glass is made by natural gas and part by producer gas from coal. On the basis of fuel required to produce a 50-foot box of single-strength window glass, there would be required annually 17,100,000,000 cubic feet of natural gas, which, reduced to its equivalent of coal, would mean the consumption of about 900,000 tons of coal per annum in this industry. Natural gas is still used in the production of window glass in the following States: Pennsylvania, West Virginia, Ohio, Indiana, Kansas, Oklahoma, Texas, Louisiana, Arkansas, Wyoming, California.

The average annual consumption of window glass in the United States approximates 9,500,000 boxes of 50 square feet each.

The estimated value of window glass produced in the year 1920 was \$40,000,000.

Estimated amount of capital invested in window-glass plants in the United States, \$50,000,000.

Estimated number of employees directly engaged in the window-glass industry, 25,000.

REASONS FOR PROPOSED SCHEDULE.

In support of the proposed schedule we submit the following:

Over 75 per cent of all of the window glass imported into this country comes from Belgium, the balance coming principally from England, France, and Germany and a small quantity from Austria-Hungary.

Over 80 per cent of all window glass imported is in sizes not over 384 square inches. All such glass is known in the trade as "small glass."

In the manufacture of all window glass there is necessarily produced, in cutting the larger sizes, a very considerable percentage of small glass.

In Europe the outlet for this small glass is quite limited, as their principal demand calls for glass in excess of 384 square inches. The Orient, however, absorbs considerable small glass, but not sufficient to absorb the surplus produced by European manufacturers in cutting their larger sizes. In the United States the percentage of small glass consumed is very much greater than in Europe.

American manufacturers always endeavor to keep the production of this small glass down to a minimum, but despite their efforts there is always an oversupply of small glass in proportion to the larger sizes. Consequently, American manufacturers are often forced to remelt small-size glass that otherwise could have been sold were it not for the amount of small glass imported from Belgium.

In order to market the accumulations of small glass, European manufacturers usually sell this glass at or below cost and average up on the larger glass. As the United States uses a substantial quantity of this glass, the Belgians, by naming a very low price on the small sizes, have always been able to sell in this country a large quantity of it under all previous tariff schedules and thereby prevent American manufacturers from disposing of the small glass produced in the regular way.

In their policy of naming much lower prices for the small glass in comparison with prices for larger sizes, the Belgian manufacturers for years have been assisted by the arrangement of their wage scales, which enables them to produce these small sizes at much lower wage rates in proportion than the larger sizes. Thus they are enabled to sell this glass at such extremely low prices that it is impossible for the American manufacturer to compete with them on these sizes.

As a further reason for asking additional protection on the small glass under normal conditions, we wish to call attention to the fact that all glass used for photographic dry plates, lantern slides, and X-ray purposes is imported as window glass, and all of this glass is in sizes under 384 square inches.

Glass used for photographic dry plates weighs on an average 13 ounces to the square foot, while X-ray glass weighs 16 ounces to the square foot, and lantern-slide glass weighs about 9 ounces to the square foot.

A NEW AMERICAN INDUSTRY.

Prior to the European war but one factory in the United States was attempting to make photographic, lantern-slide, or X-ray glass. With the cutting off of the source of supply of this glass for this country by the war certain American manufacturers devoted themselves to the production of this glass. It was an entirely new branch of the industry. It required different and greater skill than was required in the production of ordinary window glass. It involves a change in the methods of working, and success was only achieved after months of discouraging efforts, the investment of a large amount of capital, and the expenditure of enormous sums of money. Finally these manufacturers succeeded in producing photographic dry-plate, lantern-slide, and X-ray glass equal in every way, if not superior, to what had been furnished by Europe. It was extremely fortunate that they had devoted themselves to this work, for when this country became involved in the European war there were not adequate gas masks either for our own forces or for our allies.

The eyepieces of these masks, as well as the goggles used by aviators, were made by taking two disks of very thin and perfectly flat glass, binding them together with liquid cellulose, and putting them under hydraulic pressure. This prevented sweat-

ing, which the single glass eyepiece was subject to, and also protected the eyes from being injured if in any manner the glass became shattered.

To secure these results it was necessary that this glass should be absolutely flat so that the two pieces would not break when pressed together under great hydraulic pressure. To meet these requirements was a work of the greatest difficulty. This result, after many discouragements, was finally secured by the American manufacturers, who produced 30,000,000 of these disks for gas masks for our own Army and also for some of our allies. Moreover, they produced sufficient X-ray glass to keep all the hospitals in this country supplied, and also furnished large quantities of it for the use of the allied forces.

This industry, built up in this emergency, can not live under the existing tariff in competition with European makers. Unless adequate relief is given, it will not be possible to market in this country a single box of photographic, lantern-slide, or X-ray glass in competition with the Belgians. Our average annual consumption of this glass is about 300,000 boxes of 50 square feet.

WHY A GRADUATED SCALE OF DUTIES BASED ON SELLING PRICE?

The purpose of this suggestion is to meet the situation arising from the difference between the present value of the Belgian franc and the normal, or prewar value, and also to protect us in the matter of the change in their costs as compared with the change in our costs since August, 1914.

The present value of the Belgian franc is about $7\frac{1}{2}$ cents, against the prewar value of 19.3 cents. With Belgian manufacturers buying their materials and paying their labor in depreciated currency they are able to deliver glass in this country at prices with which the American manufacturers can not possibly compete, and, therefore, under present conditions, we need the maximum duty provided in the proposed schedule to give us a chance to get a fair share of the going business in competition with the Belgian glass.

As world conditions become normal there will naturally be a lowering of costs and selling prices in all countries, including our own. Consequently, we will not require as much protection then as we do under present conditions. When the Belgian franc returns to its normal, or prewar, value the price of their glass will inevitably return to approximately the prewar prices, and we must expect that our glass will also return to its prewar level. Under these conditions, the rate of duty under the proposed schedule will drop to the minimum rates suggested. The graduated scale of duties therefore meets the unusual situation developed by depreciation in foreign currency, a condition never considered in framing any former tariff law.

COMPARATIVE COSTS OF PRODUCTION.

Cost of production in Belgium has substantially increased over the prewar costs, due to increases in the labor rates, cost of material, and fuel, but their increases do not begin to compare with the increases in this country. This is evidenced by the fact that the prices at which Belgian glass is being sold are far below the costs of any American manufacturer.

To give some adequate idea of the increased costs of American production between July 1914, and July 1920, we cite the following:

American increase: Wages of common labor, 220 per cent; wages of skilled labor, 130 per cent; raw materials, 160 per cent; fuel, 215 per cent.

The Belgian glass factories are so close to the supply of raw materials that any increase in the freight rates on their raw materials increases their cost very little.

The increases in American freight rates had a very great effect on the costs to the American manufacturer. They affected his costs in three ways: 1. They increased the freight on the inbound materials. 2. They increased the freight on the finished product. 3. They increased the costs to the producer of the raw materials, which he promptly added to his price.

The increase in the freight rates on the inbound materials increased the cost per 50-foot box of single strength, for raw materials, over the freight rates on the same materials in 1914 by 15 cents.

The advantage of the Belgian manufacturer over the American manufacturer in freight rates on the finished product is illustrated by the fact that the increase in freight on the finished product from Pittsburgh to New York since 1914 represents an increase in cost of over 10 cents per box more to the American than the increase to the Belgian from Antwerp to New York over the prewar rates from Antwerp to New York.

These two items of increase in freight alone, aggregating 25 cents, would require a corresponding increase in the duty rate of one-half cent a pound.

Belgian glass can be laid down at New York from Antwerp at a cost of 19 cents per box for ocean freight and insurance, against a cost of 25 cents per box freight from Pittsburgh to New York.

It can be laid down at San Francisco from Antwerp at 35 cents per hundred pounds, or 24½ cents per 50-foot box of single strength, while the all-rail rate from Pittsburgh to San Francisco is \$1.92 per hundred pounds, or \$1.34 per 50-foot box of single strength, while the rate from Pittsburgh to San Francisco via Baltimore, through the canal, including insurance, is \$1.21 per hundred pounds, or 84.7 cents per 50-foot box of single strength. This leaves the Belgian glass an advantage of 60 cents per 50-foot box in the delivery charges to any port along the Pacific coast, as compared to our freight rates to the same points via Panama Canal.

WHY BELGIUM CAN PRODUCE WINDOW GLASS CHEAPER THAN WE.

Belgium has always been able to produce window glass at lower cost than either England, France, or Germany, her principal European competitors, and also has been able to produce window glass at much lower costs than are possible in this country.

The reasons are apparent. The Belgians are probably the most industrious people in the world. The situation of their country and their lack of natural resources have necessitated for generations the greatest thrift, frugality, and industry. The wage rates in Belgium before the war were always lower than the wage rates in any of the other glass-producing countries in Western Europe. The cost of living was also lower in Belgium. This lower wage rate not only directly reduces their labor costs in the manufacture of window glass, but also indirectly lowers the costs of the principal raw materials used in its manufacture.

Prior to the war the cost of silica and limestone to the Belgian manufacturer was about one-third of the cost of similar materials to the American manufacturer. Their cost of sulphate of soda was always materially less than in this country, and the cost of their lumber was slightly less than the cost here. Their coal cost them more than the manufacturers paid in this country, but this increased cost was absorbed in the difference in the methods of operation, as the following statement shows:

In the United States the hand-blowing window-glass factories cease work at noon on Saturday and resume work at midnight on Sunday. During all of this time the glass-melting furnace must be kept at the working temperature. Consequently, the same amount of fuel is consumed on the furnace in this country from noon on Saturday until midnight on Sunday as if the furnace was in full operation. This means 168 hours of fuel consumption per week and only 132 hours of production per week. In Belgium the melting furnaces are kept in continuous operation, there being no cessation of work over Sunday. Thus they secure 168 hours of production for 168 hours of fuel consumption, or an increase in production for the same amount of fuel of 27 per cent more than we secure in this country. This not only reduces their fuel consumption per box of glass produced, but effects a very great saving in repairs to the furnace and in the amount of their overhead expense. Thus they more than overcome any disadvantage in the price of their coal compared with the price of coal in this country.

The Belgian factories employ a large number of women and children, under conditions and working hours not permitted under the female and child labor laws of any of our States where window glass is made. These women and children receive very paltry wages, although their work displaces a man's labor in most cases. In the United States there are no women employed in any window-glass factory and no boys under the age of 16. The use of women and child labor is an important factor in keeping down the cost of production of window glass.

In the production of window glass there is always a substantial percentage of the glass that is too poor to be used for ordinary commercial purposes. This glass when produced involves the same material costs, the same fuel costs, and practically the same labor costs as the glass of better quality. The Orient is practically the only market in the world where this very poor glass can be marketed. The manufacturers in the United States have never been able to sell their poor glass even in the Orient in competition with the Belgian manufacturer, and as a result were obliged to remelt it, thereby losing the amount expended in the production of it for labor and for fuel.

It also reduced the output of the furnace, and, consequently, the total amount of production over which their overhead charges are spread. This materially increases the cost of the glass production here. The Belgian manufacturer, having access to all the markets of the world, is able to dispose of all the glass he produces, no matter

how poor the same may be, thus reducing the fuel consumption per box, his overhead charges, his waste, and his labor costs.

We may sum up then the reasons why the Belgians are able to produce window glass at lower costs than are possible in this country under normal conditions: 1. In their lower wage rates; 2. In securing cheaper raw materials; 3. In the difference in their hours of operation; 4. In the use of women and child labor; 5. In their ability to market every quality of glass produced.

BASIS OF PROPOSED SCHEDULE.

The maximum duty in the proposed schedule we have submitted is based upon the difference in selling price of American glass at New York and the price of Belgian glass laid down, duty and freight paid, at the same point to-day. The suggested duty still leaves the Belgian glass about 15 per cent under the selling price of American glass, laid down at New York. At New Orleans this percentage of difference in favor of the Belgian glass is still greater, while in California the margin of difference in favor of Belgian glass under the proposed duty is about 30 per cent. Unless we can secure the protection that we ask under existing conditions, the lower cost of Belgian glass will enable the Belgian manufacturer to completely displace American glass not only at New York, New Orleans, and San Francisco, but in all other ports of the country.

When conditions become normal, or approximate prewar values prevail, the rates of duty that we have suggested will be found to average less than the duties provided in the Payne-Aldrich tariff, except as to the small glass, or glass not exceeding 384 square inches, the increase in such glass over the Payne-Aldrich tariff averaging not exceeding 20 per cent. In view of the conditions affecting the sale of small glass and the necessity for protecting a new American industry in the manufacture of photographic dry-plate, lantern-slide, and X-ray glass the increase is surely warranted.

Why we have inserted the following provision: "For unpolished cylinder, crown, and common window glass weighing over 26 ounces per square foot, the rates of duty shall be double the rates specified for glass weighing not exceeding 26 ounces per square foot."

Single-strength window glass as used in the building trades throughout this country weighs on an average 18½ ounces to the square foot, while the Belgian single strength averages 16 ounces to the square foot. Double-strength window glass as used in the building trades in this country averages 24½ ounces to the square foot, as against a corresponding weight of 21 to 24 ounces for Belgian glass. Photo glass, lantern-slide and X-ray glass all are thinner than single strength, while glass that is heavier than double strength is used for special purposes, such as car windows, automobile windshields, automobile bodies, automobile lamps, and the like. All glass weighing over 26 ounces to the square foot is generally used for purposes that would be classed luxuries, and should, therefore, pay a higher rate of duty. It should pay a duty similar to those levied on other luxuries of that class. For that reason we have suggested that a higher duty be collected on this glass than on glass which goes into the construction of houses.

In determining the value of glass for duty purposes, whenever a separate charge is made for the box, the price of the box should be added to the value of the glass.

This suggestion was made to correct the following condition: Belgian glass since 1874 has always been sold on the basis of discounts from a certain printed list, to which is added an additional charge for boxes under conditions which supplement that list. The effect of making a separate charge for the box is to permit a lower price for the glass, so that in those countries in which the duty is levied on the selling price of the glass the Belgian manufacturer is able to get the return for his glass without requiring the importer to pay on the full price of the glass.

The usual boxing charge for a 50-foot box before the war was 19.3 cents on sizes not over 384 square inches and 38.6 cents on sizes over 384 square inches. Consequently, when the glass was imported into those countries which levied the duty on the value of the glass, the duty was calculated on the basis of the price of the glass without taking into consideration the price of the box. Canada has met this situation by levying a duty on the box in addition to the duty on the glass.

In determining the value for duty purposes the price of the box should be considered a part of the price of the glass and the value determined accordingly. This would prevent arbitrary changes by the foreign manufacturer in his boxing charges, which he could otherwise increase to a large amount while making a corresponding decrease in the price of the glass that goes into the boxes. The net return to him under these conditions would be the same, but the importer would pay the duty on the lower value of the glass.

EFFECT ON REVENUE.

The adoption of the proposed schedule will greatly increase the amount of revenue that will be collected: 1. Under the existing conditions, when the maximum rates provided in the proposed schedule are in force; and 2. When the conditions become normal, and the minimum rates provided in the proposed schedule prevail.

As has been pointed out, 80 per cent of the imports is in small sizes. These are the sizes for which the Belgian manufacturers require an outlet in this country. If they can not sell this glass in the United States, they will be forced to do the same with the glass that the American manufacturer is obliged to do with his poor quality glass, namely, remelt it, with the loss and increase in costs that this entails. Consequently to avoid this, they ship this glass to the United States at a price that enables the importer to pay any increase in the duty rate that is not prohibitive, rather than remelt it.

Therefore, the increase in the duty rates under the varying conditions covered in the proposed schedule will not materially reduce the amount of glass that will be shipped to this country by Belgian manufacturers, but it will greatly increase the revenues of the Government therefrom.

A portion of the increase in the duties will be paid by the importer out of the abnormal profits that he is making on the import of Belgian glass, the margin of profit at New York at the present time being approximately \$1.60 per box against a prewar-time profit of about 35 cents per box. The other portion of the increase in duty will be borne by the Belgian manufacturer, who will be forced to make a corresponding reduction in the price of his small glass to this country.

The amount of imports under the proposed schedule, under ordinary conditions, will approximate about the same as the imports averaged in prewar years. The increased revenues of the Government can readily be estimated by applying the rates of duty in the proposed schedule to an approximate average of prewar imports.

CONCLUSION.

In conclusion we wish to call attention to the fact that, except for a couple of years prior to 1914, practically no window glass was exported by any American manufacturer. In those two years a small amount of window glass was exported to Canada in competition with the Belgian manufacturers. The export situation has always been extremely difficult for the American manufacturers for the following reasons: 1. On account of their higher costs as compared to Belgian costs; 2. On account of their higher freight rates; 3. Because the Belgian manufacturers for a number of years prior to the war were members of an association which met regularly at Charleroi in Belgium and fixed the prices at which Belgian glass should be sold in practically every country. Those prices were so arranged that in markets where they were in competition with manufacturers from other nations the prices named were so low as to show little or no profit, while in other countries where there was little or no competition they exacted very much higher prices. In this manner they were able to discourage competition by the American manufacturers.

After the outbreak of the war in 1914 American manufacturers began to sell in foreign markets, and so successful were they in satisfying the requirements of the foreign trade that they were able to market as high as 1,500,000 50-foot boxes in one year. This glass was shipped to practically every country in the world outside of those engaged in the war. The quality furnished by the American manufacturers was for the most part the same as they were accustomed to furnish to the trade in this country, and better than the Belgians had furnished to those markets. This resulted in their securing the good will of a large number of buyers throughout the world, who expressed the hope that the postwar conditions would not prevent their continuing to secure American glass, as it was of greater thickness and of better quality than the Belgian glass. This very satisfactory trade so built up during the war has now entirely disappeared.

On account of the very low prices made by the Belgian manufacturers their glass has driven American glass from every foreign market, and now they have opened an aggressive campaign to take a large share of what business there is in this country to-day. This they are able to do under the existing tariff laws. While the volume of imports up to the present time is not so great would be a cause for alarm under ordinary conditions, yet the number of orders that have been placed abroad is such as to require prompt action if the American manufacturer is not to be seriously injured. At the present time the demand in this country is not 10 per cent of normal. Consequently, the volume of imports of Belgian glass, which is increasing steadily, is all the more demoralizing.

The American manufacturer needs immediate relief, and that relief should be afforded through the passage of an emergency tariff, or a provision that will protect the industry while the permanent tariff bill is under consideration. If such emergency relief is not given, then by the time that the permanent tariff becomes a law, the American market will be so filled with the cheap Belgian glass that the American manufacturers will not be able to resume operations for months, and possibly a year, after the passage of the permanent tariff bill. We, therefore, suggest the adoption of either of the following two suggestions, either as an amendment to the Underwood bill, or as a part of a new emergency bill:

Suggestion No. 1: Whenever the rate of exchange for the country of origin of the goods imported is below normal, the duties provided in this act shall be increased in the same percentage that would be required to increase the current rate of exchange of the country in question to the normal rate. The current rate of exchange to be used as the basis for determining the percentage of increase to be made in duties shall be the average of the rates of exchange for each day in the calendar month immediately preceding the date of entry.

Suggestion No. 2: Whenever any specific duty imposed under this act shall not be equal to 45 per cent of the average wholesale selling price of the corresponding article of American manufacture at the port of entry and time of entry, such specific duty shall be increased so as to make the amount of the duty equal to 45 per cent of the average wholesale selling price of the corresponding article of American manufacture at the port of entry and time of entry.

In the presence of the foregoing facts we do not believe Congress will refuse the prompt and adequate relief prayed for.

PLATE GLASS.

[Paragraph 222.]

STATEMENT OF CHARLES R. SLIGH, GRAND RAPIDS, MICH., REPRESENTING THE FURNITURE MANUFACTURERS OF THE UNITED STATES.

Senator TOWNSEND. Mr. Chairman, when the plate-glass schedule was heard—I do not know whether this committee have had hearings on that, but the Ways and Means Committee did—the furniture manufacturers had selected a representative to be present, and he was not able to be present. He was abroad. They have asked me, as Senator from Michigan, to give a brief hearing on the glass schedule as it affects the furniture industry, and Col. Charles R. Sligh, of Grand Rapids, is here to speak for that industry this morning, if he can be briefly heard.

The CHAIRMAN. Very well; the committee will hear him, Senator. Will you state your full name for the information of the committee?

Mr. SLIGH. My name is Charles R. Sligh.

The CHAIRMAN. Where do you reside?

Mr. SLIGH. Grand Rapids, Mich.

The CHAIRMAN. What is your business?

Mr. SLIGH. Manufacturer of furniture.

The CHAIRMAN. Will you proceed to address the committee?

Mr. SLIGH. We appreciate the courtesy the committee has extended us in this hearing. When we received the invitation I was absent from the country. The rest of the committee did not know of the opportunity. Therefore, we were not here in August.

We are representing the furniture manufacturers of the United States through the National Alliance of Case Goods Manufacturers, and this association represents manufacturers from practically all of the United States with the exception of the Pacific coast. We are representing seven or eight different organizations, and also the

National Committee of the Fixtures Association—that is, showcases and store fixtures.

The furniture industry of the United States is rather extensive, many of the factories being located in the New England States, in New York, Pennsylvania, and in Maryland, North Carolina, Indiana, Wisconsin, Michigan, and Illinois. And there are probably 150,000 men employed in the industry in the United States, although in this particular class of furniture that is using plate glass there is probably about 38,000 employed.

We would like to refer particularly to paragraph 222 of the Fordney bill, upon which there has been an increase of a considerable amount, about 66 $\frac{2}{3}$ per cent. The old rate was 6, 8, and 12, under the present law, and it has been increased to 11, 12 $\frac{1}{2}$, and 20.

We believe in the protection of American industry, and we think that that protection should extend sufficiently to protect the workmen as against any cheaper labor in Europe, but we are opposed to any higher tariff than that. We are not antagonistic to any industry; in fact, we do an enormous business in the aggregate with the glass industry, and we want to see them prosper as they have.

We are in sympathy with the attitude which was assumed at the hearing held before the Fordney committee in April by Mr. Wherrett, who represented the Pittsburgh Plate Glass Co. at that time, and Mr. Albright, asking for a flat rate.

In the olden times the plate-glass business was divided into three brackets of 3 to 5 feet, 5 to 7 feet, and 7 feet and upward, so the manufacture of glass was a very different proposition from what it is to-day and glass manufacturers now are making glass in sheets that are one-third the size of this room, and of 4 different qualities of glass that are produced—at least two and three and sometimes four—come out of that single sheet, and we do not see the necessity at the present time of continuing that bracketing. We are perfectly willing to indorse the attitude of the Pittsburgh Plate Glass Co. in that respect, and ask for a flat rate; and we would recommend that a flat rate that would be just and equitable would be about 10 cents per square foot; that would be an increase of about 13 per cent over the present tariff.

Senator McCUMBER. Ten per cent upon the American valuation?

Mr. SLIGH. I was not speaking particularly upon that.

Senator McCUMBER. Of course, there would be a difference of whether it took the foreign or the American valuation.

Mr. SLIGH. This is a specific duty.

Senator McCUMBER. Ten cents per square foot?

Mr. SLIGH. Ten cents per square foot.

Senator SMOOT. With no ad valorem duty?

Mr. SLIGH. With no ad valorem duty at all, a straight specific duty.

Under the present law it is now 6, 8, and 12, and a straight flat rate of 10 cents would be about 13 per cent advance over the present rate.

Samuel H. Gross, who is the acting commercial agent of the United States in Belgium, in a report made recently, in July of this year, in the commercial reports, states—and it is the last report of which we can find any record—that the present labor cost in Belgium is four times what existed previous to the war, and that the total cost

of plate glass in that country is six times the prewar cost; and he goes into considerable detail, but I will just strike a few high spots.

He states that in that case that labor represents 16 per cent of the cost.

There is no record, as far as we can find, of the United States Tariff Commission in regard to what the cost of labor is in the production of plate glass. They make an extended statement, but there is no statement on their part of the cost of labor.

Senator SIMMONS. Belgium is our chief competitor in the matter of plate glass?

Mr. SLIGH. It is at the present time.

Senator SIMMONS. Was it not before the war?

Mr. SLIGH. There was a great deal of French glass imported before the war, but all of the French glass factories were destroyed during the war, with the exception of one, and while they have largely been rebuilt they have not up to the present time been able to produce a glass of the silvering quality. They are producing the second, third, and fourth qualities, but on account of the dissipation of their labor, etc., they have not produced the first quality up to the present time. They probably will do so some time in the future. So Belgium at the present time is almost the sole exporter to this country.

Senator SIMMONS. You have given us a statement of our representative over there as to the increase in cost of production of plate glass in Belgium. Has the increase in cost in this country been greater than that?

Mr. SLIGH. As I say, there is no statement of the United States Tariff Commission, who make a report on this industry, in regard to what the labor cost is on plate glass.

Senator SIMMONS. You have no individual means of knowing?

Mr. SLIGH. We have no individual means of knowing.

Senator McCUMBER. How does the price compare with the prewar price in the United States?

Mr. SEIGH. I am speaking now strictly of the silvering quality, because the importations into this country are almost exclusively of the silvering quality, for the reason that there is not enough produced in this country to meet the demand. That statement can be verified by reference to this report of the United States Tariff Commission in which they repeatedly refer to that. The cost of plate glass in the United States in 1915, which was the low price—in July and August—was 35 cents per square foot, and it gradually advanced during the war until the price had become \$1.06, three times, or practically, the prewar price. There have been two reductions since then, the last one having been made on the 28th of November—that is, of last month—when they made an average reduction on all qualities of glass of about 27 per cent. But on this highest grade of the silvering quality only 14 per cent. That reduction was met by the foreign manufacturers in the last few days, although it was made by cable and the exact figures I can not give you, because their agents state that they have got to wait for confirmation by mail, but they have practically made that reduction in price.

Senator SIMMONS. With that reduction, what is the present price for the American product in this country?

Mr. SLIGH. With that reduction the present price—on November 28—I have a brief which I am going to file which will give you some

of those statistics—but the price on November 28 for the various sizes, running from 3 to 10 feet, was \$1.07 per square foot delivered in Grand Rapids, and the present price reduction of about 14 per cent brings that down to about 90 cents.

Senator SIMMONS. As against 35 cents before the war?

Mr. SLIGH. As against 35 cents before the war for strictly high-grade quality.

Senator SMOOT. Was the glass 35 cents delivered in Michigan before the war?

Mr. SLIGH. No; that was at the factory. The delivery price at Grand Rapids is about 2 cents a square foot. The factory price on this was \$1.05, and the freight 2 cents, made \$1.07 at Grand Rapids.

I made this comparison with the Belgium prices, which run for the small brackets delivered at Grand Rapids from Antwerp at 89 cents, 99 cents, and \$1.08, the highest price we are paying to-day, more for the Belgium glass than we are for the United States glass delivered at Grand Rapids, of the strictly high-grade quality, simply because it has been a physical impossibility to get enough of that glass in this country to meet the demands of the trade.

Senator SIMMONS. And that means after the duty has been added?

Mr. SLIGH. Yes, sir.

Senator McCUMBER. Do we make as good glass in this country as they do in Belgium?

Mr. SLIGH. They do, but it is very limited; we can not produce a quantity.

Senator McCUMBER. So that during the war and for some time afterwards you had to use a rather lower grade plate glass?

Mr. SLIGH. Yes; we got a very inferior quality during the war, but people bought it and paid for it, and said nothing about it, because you could not get anything else, and everybody wanted goods, and we were rushed to death, and they were not critical.

The CHAIRMAN. Why can we not produce the required quantity in this country?

Mr. SLIGH. For the reason that in these large plates there is only about 15 per cent of the plate that will produce first quality of silvering. That is the statement made not only by the producers in this country but also by the producers in Belgium—that the higher quality does not exceed about 15 per cent of the quantity that is produced. It is very limited; that is the only reason.

Senator McCUMBER. Will you explain what processes in the manufacture distinguishes between the higher classes and the other classes? Is it the same glass that does not turn out as well in some instances and is not as perfect as in other instances?

Mr. SLIGH. That is it exactly. They will make sizes of sheets running from 12 by 20 feet, up to 16 by 27 feet. Those are the sizes that are practically cast in these large plates, which you see is about one-third the size of this room, and in that plate, as I stated, they will not on an average produce more than about 15 per cent of the first quality. There may be some of the plates larger than that and, there will be some that will be of the inferior quality—faults, seeds in it, or scratches or defects that affect it for mirror purposes, which restrict it to practically that percentage; and the same thing obtains in Belgium, of course.

Senator SIMMONS. You are making the point that with the present rate of duty that this high-grade glass from Belgium sells a little higher in this country.

Mr. SLIGH. They practically calculate to get the same price. They are shrewd merchants over there, and they know what the conditions are in this country as well as we do, and they are getting the American price. The company which I personally represent—and we are using an average of between \$400,000 and \$500,000 of glass a year—have absolutely been compelled to import Belgium plate because we could not get that quantity in this country.

I have letters in my grip here from three or four of the largest plate-glass manufacturers in the United States to-day, written within the last three or four weeks, in which they refuse to take our orders because they have not got the glass that they can deliver. We would personally prefer to buy, of course, American products, and we have made an endeavor to do so. We never have imported plate glass until within the last two years, because in the past we succeeded in getting what we wanted. But we wrote to several of the large plate-glass manufacturers asking for quotations about six weeks ago for 5,500 plates of glass of the different sizes that we use. Two of them absolutely refused us, because they did not have it and could not make it, their demands were so far ahead. We offered to give them until next year, and they would not take it then. We wrote the Pittsburgh Plate Glass Co., and they accepted an order for 700 out of the 5,500 plates that we wanted; that is all we could get from them.

So we have practically been compelled to go outside of this country to meet our wants and our necessities.

Senator ILLINGHAM. What is the reason of this shortage?

Mr. SLIGH. Well, at the present time, of course, the glass industry, both in this country and in Europe, is running 50 to 60 per cent capacity; that probably is one reason. The world-wide financial conditions have not enabled them to run to capacity, and on account of that 15 per cent of 60 per cent—the capacity, of course, is a good deal less than if they were running full capacity—but that is unquestionably the reason.

Senator McCUMBER. If there is a demand for the product, they should be able to increase their production, should they not?

Mr. SLIGH. They have largely increased their output in the last two or three years. The Pittsburgh people and the Ford people have increased their capacity something like 20,000,000 feet a year, but we understand that the present time they are not running to capacity.

Senator McCUMBER. But, if I understand you rightly, you are having trouble in getting the quantity that you want.

Mr. SLIGH. Yes, sir; absolutely.

Senator McCUMBER. Of that quality?

Mr. SLIGH. Absolutely.

Senator McCUMBER. If there is a demand of that kind, why can they not increase their output to meet that demand?

Mr. SLIGH. In increasing the output to produce the first quality of glass they are enormously increasing their output of a quality that they have no demand for.

I was personally in Belgium during this last summer, and we had an order over there at that time, and I had to practically beg them to

accept our order. They said, "We can give you a million feet of glass and ship it immediately, second, third, and fourth quality, but we have not got enough of the first quality to meet our demands over here."

Senator SMOOT. The furniture business is better off than the building business.

Mr. SLIGH. So far as volume is concerned.

Senator SMOOT. The business itself. There is more trade in the furniture business than there is in the building business, and therefore the lower grades of glass are not in demand.

Mr. SLIGH. I think that is so, for the reason that we are selling furniture at practically no profit. The furniture industry, I think, adopted a satesmanlike policy a year ago, when we cut prices 30 per cent, which is a good deal more than our profits. But labor costs were only cut about .14 per cent; but we cut our selling price 30 per cent.

Senator McCUMBER. What are you paying for labor now that would go under the name of cabinetmakers, using an old term; I do not know what you call them.

Mr. SLIGH. We are employing a little over a thousand men in our factory, and our labor cost, all kinds, common labor, helpers, and experts—averages 51 cents an hour or \$30.50 a week. We work 50 hours a week. A year ago we were paying a little over 59 cents for that same labor.

Senator McCUMBER. What do you pay for your skilled labor in the making of furniture?

Mr. SLIGH. Our skilled labor—cabinetmakers will earn from 50 to 75 cents an hour, and the machine men will earn about 52 to 85 cents an hour.

Senator McCUMBER. And they work how many hours a day?

Mr. SLIGH. They work nine hours a day—50 hours a week. We work five days nine hours each, and five hours on Saturday. They have a half holiday each Saturday the year around.

Grand Rapids is probably one of the most contented places in the United States. Over 50 per cent of the men own their own homes. It is the second largest city in the United States in the matter of home-owning people. Des Moines, Iowa, is the only other place which excels us.

Senator LA FOLLETTE. Will you give the committee a classified statement of the wages paid by the company which you represent personally?

Mr. SLIGH. I would be very glad to.

Senator LA FOLLETTE. For 1913 and for each year thereafter down to the present year.

Mr. SLIGH. I have not that with me, but I would be very glad to forward it when I get back home.

Senator LA FOLLETTE. Then another thing I will ask you to forward: Will you give the committee the selling price and cost of production of a dining-room set selling at the lowest and also at the highest price, and similar cost of the largest seller from each class?

Mr. SLIGH. Personally, we do not make dining-room furniture; we specialize in bedroom furniture, and make that only.

Senator LA FOLLETTE. Then, let it be for bedroom furniture instead of dining room.

Mr. SLIGH. I do not know what our competitors will be glad to do, but I will be glad to furnish that for our factory.

Senator LA FOLLETTE. Give it to us for 1913 and for each year thereafter down to the present time.

Senator McCUMBER. Generally, you can say what increase there was in the price at the highest range, during the war or after it?

Mr. SLIGH. I can tell you in round figures now. Our prices on furniture were increasing about 100 per cent during the war. The maximum was about a year ago last August.

Senator McCUMBER. And now they have gone down from the high peak about how much?

Mr. SLIGH. Our selling price this year is 33 per cent less than last year. Using 100 as the base, we doubled the price to 200, and we have cut it 30 per cent, which brings it down to 140. Practically we are getting 40 per cent more now than during-the-war prices. We are paying to-day, however, in Grand Rapids on an average—every factory there—more than double the wages that we paid in prewar times. We have cut our labor only about 15 per cent, but we have cut our selling price 30 per cent. We did that because we thought it was better to keep our men employed. There is less unemployment in Grand Rapids than any other place in the United States.

Senator McCUMBER. As a rule they sell furniture at retail at about double the wholesale price.

Mr. SLIGH. No, not as much as that. Down East here and at nearby points to the factories they will add anywhere from 60 per cent to probably 65 per cent. When it gets to the Pacific coast they add about 100 per cent, because the freight there is very high.

Senator McCUMBER. That is 100 plus freight?

Mr. SLIGH. Including freight. In the Middle States, of course, nearby points, they do not get that profit. But the expense in the furniture business is very heavy.

Senator McCUMBER. I understand that in their furniture catalogues the furniture dealers generally gave a discount from their base prices mentioned of about 50 per cent—I mean one-half, cutting it in two; and the dealer, I assume, sold at the catalogue price.

Mr. SLIGH. There are a few houses that do that to my knowledge. There do not many get 50 but get 40 per cent, and 40 per cent off of 100 brings it down to 60. So that they make 66⅔ per cent on that basis. But that is not universal. Lots of the manufacturers have a selling price, and we do; and we sell to our dealer and he gets what he can for it, and that is the usual custom.

Senator SIMMONS. You do not mean to tell the committee that the retailers of furniture are satisfied with 66 per cent profit, do you?

Mr. SLIGH. No, that is not profit, Senator. I said the expense of doing the furniture business is very expensive.

Senator SIMMONS. Sixty-six per cent after allowing for the freight?

Mr. SLIGH. On their cost at the factory, add practically two-thirds to the cost at the factory, after paying the freight, insurance, clerk hire, and all that sort of business, and it practically means about 30 per cent for doing business. I do not know of any furniture dealer throughout the United States that has ever become a millionaire.

Senator LA FOLLETTE. You mean a retail dealer?

Mr. SLIGH. I mean a retail dealer and mighty few manufacturers.

I am going to refer particularly to the testimony given by Mr. Wherrett before the House committee, because that is the only thing I can find, practically, on this subject; and he makes a statement that the tax that was collected on glass under the specific tax of 1920 was only 13 per cent, but I want to call attention to the fact that that was on account of the high price of the glass where it had gone up to \$1.06; and the higher, of course, the price under a specific duty the lower the percentage. The United States Tariff Commission report that during 1914 the tax was over 42 per cent, and in 1915 over 38 per cent, and in 1916 it was over 39 per cent.

Mr. Wherrett also refers to the fact that Belgium in her exportation of glass for 1920 sold to four countries—to the United States, first on a basis of 10 francs—I will give you the round figures per square foot; to Great Britain at 4½ cents; Argentina at 4¼ cents; Canada at 5½; and Australia at 3½ francs. He neglected to state that these prices were, for the reason that the prices maintained by the glass manufacturers in the United States were very high, and the importation was almost exclusively for this high quality of glass.

That also can be verified by referring to the Tariff Commission's report, pages 14, 106, 108, and 110. And for the reason also that the United States manufacturers do not produce a sufficient quantity, and the inference from Mr. Wherrett's statements is that the plate glass manufacturers of Belgium are selling to those countries at less than to the United States. But I want to call attention to the fact that out of two and a half million feet that were exported from the United States in 1920, one and one-half million feet went to Great Britain, Argentina, Canada, and Australia, these same countries he is complaining of. The United States manufacturers were meeting the Belgian competition, and the French competition in those countries. It is not to be presumed that they were giving a higher price. They must have met that price; and the question of whether they were selling at a loss and a question of whether their profits were so large in the United States that they could afford to sell at a loss in the other countries—

Senator CALDER. How much is the price to-day and how much was it five years ago?

Mr. SLIGH. In 1915, which was the low price, it was 35 cents, which is for silvering quality, which I am speaking of; and the price to-day is 90—about two and a half times.

Senator CALDER. That is the American price for the American glass?

Mr. SLIGH. Yes, sir; that is first quality, and 5-foot bracket.

Senator CALDER. That is the same character of glass as imported from Europe; how much is that?

Mr. SLIGH. We have no records of the actual quality that was imported, but the statement is made repeatedly, and that I know of my own knowledge, that the quality brought from Belgium is of the silvering quality, which is the highest grade, and for which we are paying over there to-day a price that with the tax and the tariff and the freight added—the freight is a little over 4 cents only—makes about 92 cents.

Senator CALDER. The price paid by you for the imported glass under the present tariff is greater than the domestic price?

Mr. SLIGH. Yes, sir; we are paying about 2 cents more a foot for it.

Senator CALDER. Is your concern using very much of this foreign-made glass?

Mr. SLIGH. We have been compelled to use it, because we could not get the quantity in this country. We have imported 200,000 feet each year for the last few years.

Senator CALDER. Are the furniture factories using any glass imported from Germany?

Mr. SLIGH. Not that I know of. German glass is thin, blown, and whether they make any cast glass or not, I have been informed recently they do, but we have not had any of it.

Senator CALDER. Then there is no competition from Germany?

Mr. SLIGH. Not of this thin, blown glass. We have used it in the past. It has only been in the last 25 years that cast plate has been used extensively in furniture production. Previous to that time it was the German glass, but it was thin.

Senator CALDER. What proportion of the glass that your company is using is of domestic manufacture?

Mr. SLIGH. We used it exclusively up to two years ago, and when we found it impossible to get it we were compelled to go to Belgium for our needs.

Senator CALDER. Tell me what proportion you are using this year.

Mr. SLIGH. This year we are using about half and half.

Senator CALDER. And the Belgian glass costs more?

Mr. SLIGH. About 2 cents more. It has not been a question so much lately of the price as it has been a question of getting it.

Senator CALDER. What is the reason the American manufacturers do not try to supply your needs?

Mr. SLIGH. Because they do not produce it. As I explained a few minutes ago, in producing this glass only about 15 per cent of it is of the silvering quality, the highest grade. There is a much greater percentage when you take in the second quality. There is a great deal of second quality that is used by furniture manufacturers in this country, but the particular kind of goods we make and which is made in Grand Rapids practically uses none of the second quality, and it has been for that reason we have been compelled to go outside.

Senator McCUMBER. I understand you have a brief to file.

Mr. SLIGH. Yes, sir.

Mr. Wherrett, in his testimony before the House committee, called attention to the fact that the Belgium manufacturers had a profit in 1920 of 53,834,000 francs, which is equivalent to about \$10,000,000 par in our country, or a little over; and for that reason it occurred to us that it was quite proper that a statement of the profits of the Pittsburgh Plate Glass Co. might be of interest to the committee. It is the only company—and they manufacture about 50 per cent of the production—of which we have been able to get a financial statement. This statement has been published, and it shows that their profits, before paying income tax, ran from \$1,700,000 in 1914 to \$16,000,000 in 1920.

So that according to the statements which have been compiled—I did not compile these myself—I employed an expert accountant, as I am not a bookkeeper, and he took their published statement and showed that their profits for 1920 were \$16,000,000, or about 30 per cent on the capital invested, and they acknowledged before the other

committee that they were producing about half of the product in the United States; and, considering the fact that that question has been brought up in regard to the Belgium manufacturers, we thought it was quite proper and might be of interest to the committee to know what their profits were.

We would like to submit that in our opinion a rate of 10 cents would be equitable and be larger than the present tariff, and a flat rate, eliminating the different brackets. The importations of plate glass into the United States for 1918 were only 273 feet; in 1919, 4,000 feet; 1920 about two and a half million feet. The exportations from this country have run from 1915 to 1920 all the way from two and a half million to seven and a half million, and for the 10 months of this present year, 1921, ending in October, the importations have been 2,191,000 feet, and the exports 1,927,000 feet. So that the imports and exports on glass are practically the same, and show that the American manufacturers are able to meet in the foreign markets, the foreign trade, and we submit that under those circumstances that the rate of about 10 cents would be a just rate.

Senator SIMMONS. And those imports from this country are of a lower grade?

Mr. SLIGH. The imports to this country are of the high grade.

Senator SIMMONS. Exports, I mean to say.

Mr. SLIGH. We have no means of ascertaining what they are, but presumably they are of the lower grades, because they are not produced enough for the demands in this country of the higher grades.

Senator SIMMONS. And those exports, you said awhile ago, went to Great Britain?

Mr. SLIGH. Yes.

Senator SIMMONS. If they are of the lower grade, as you presume, they would come in competition with that quality of Belgian plate glass that you said a little while ago they were producing probably in excessive quantity, more than the demand there calls for.

Mr. SLIGH. Yes, sir. The manager of the Belgian industry told me, in Brussels, in August, that he could furnish me immediately 1,000,000 feet of the lower grades.

Senator SIMMONS. They have a surplus of that?

Mr. SLIGH. They have a surplus of it.

Senator SIMMONS. This glass that we export to Great Britain, you think, would come in competition with that glass of Belgium?

Mr. SLIGH. I should think so. But the exportations to Great Britain are very small, 64,815; Argentina, 116,000; to Canada, 1,132,000, and to Australia, 245,000. But out of the two and a half million that the United States exported for the year 1920, one and a half million feet went practically to these countries that Mr. Wherrett claims the Belgian people were selling at a lower price than they were getting in the United States.

BRIEF OF CHARLES E. SLIGH, GRAND RAPIDS, MICH., REPRESENTING THE COMMITTEE FROM THE FURNITURE MANUFACTURERS' ASSOCIATION.

We represent the furniture manufacturers of the United States engaged in making case goods, show cases, and store fixtures, of which polished plate glass is an important part.

We desire to discuss briefly the rates of duty on glass suitable for mirrors, and other grades, and embraced in paragraph 222 of the Fordney bill. We have read the statements of the glass manufacturers, represented by Mr. H. S. Wherrett, of the Pittsburgh Plate Glass Co., and Mr. D. K. Albright, of the Allegheny Plate Glass Co., giving their

reasons for an increase on the present tariff on glass. We are familiar, also, with the report of the United States Tariff Commission in paragraphs 83 to 90, inclusive, and 95, giving a historical account of the industry, statistics, and conditions affecting the same.

We indorse the United States' policy of a protective tariff that will be a reasonable protection to the workmen of the United States. We believe the present rates, as established under the tariff bill of 1913, afford a reasonable protection, yet, on account of the improvements in modern methods of manufacture, we can see no objection to a flat rate instead of dividing it into three brackets for sizes as at the present, and we would suggest that a flat rate of 10 cents per foot be substituted for the present rate of 6 cents, 8 cents, and 12 cents. This flat rate of 10 cents would be equivalent to an average of about 13 per cent above the present rates.

• Samuel H. Gross, acting commercial agent for the United States in Belgium (see Commerce Reports, p. 115, July 6, 1921) says, regarding the manufacture of plate glass in Belgium, that wages at the present time are four times what they were in 1914 and that the cost of glass is six times greater than it was before the war. These increases in wages and costs are caused by advance in price of material, wages, and an 8-hour day which necessitates three shifts a day instead of two shifts of twelve hours each. Mr. Gross states, also, that the cost of glass is divided as follows: Labor, 16 per cent; coal, 21 per cent; material, 27 per cent; maintenance, 10 per cent; warehousing, agencies, sales, and travel, 4 francs per square meter; these 4 francs represent as near as we can estimate, 15 per cent.

He goes into considerable detail, but we are giving you only the high points.

The United States Tariff Commission, in its 1921 report, does not give the labor costs of plate glass. We think it is fair to assume that the percentage of labor cost for producing a square foot of glass in the United States would not exceed the percentage labor cost in Belgium, which Mr. Gross states is 16 per cent, and which we assume is approximately correct. On this basis of 16 per cent for labor it would represent somewhere from 8 cents to 9 cents per square foot on the basis of Mr. Wherrett's statement before the Fordney committee that the cost of glass for 1920 was 55 $\frac{1}{10}$ cents per square foot (including depreciation). This was the cost a year ago and the cost at the present time certainly must be less, yet the plate-glass manufacturers are asking for a rate of 22 $\frac{1}{2}$ cents and 25 cents per foot, and the Fordney bill gives them 11 cents, 12 $\frac{1}{2}$ cents, and 20 cents, an average of about 14 cents, or a protection of substantially 150 per cent on the total labor cost.

Mr. Wherrett claims that the duty levied for the first nine months of 1920 was only 13 per cent ad valorem on importations. We wish to call your attention to the fact that this was the period that glass had reached the highest price and when the silvering quality was \$1.06 per square foot for the 5-foot bracket, which is the average size imported, and this was for the period that Mr. Wherrett testifies that glass was costing 55 $\frac{1}{10}$ cents. It is, of course, apparent that the higher the price, where specific duty is levied, the lower the ad valorem percentage. According to the report of the United States Tariff Commission (p. 109) the ad valorem rate was, for 1914, over 42 per cent; for 1915, over 38 per cent; for 1916, over 39 per cent.

This was during the period of normal prices.

Mr. Wherrett states, also, that Belgium manufacturers are selling at higher prices in the United States than they are in foreign countries and quotes the following figures for the first 10 months of 1920:

	Francs.
United States.....per square foot..	10.342
Great Britain.....do....	4.669
Argentina.....do....	4.203
Canada.....do....	5.558
Australia.....do....	3.382

He neglects to state that these prices were possible for three reasons:

First. The high prices maintained by the glass manufacturers in the United States, which make it possible for Belgian manufacturers to get approximately the same prices, after adding tariff and freight.

Second. On account of the fact that nearly all plates imported into the United States are of the first or highest quality, suitable for mirrors, and naturally command the highest prices. For substantiation of this we refer you to the report of the United States Tariff Commission on "Glass and Glassware" (pp. 14, 106, 108, 110).

Third. The United States manufacturers do not produce a sufficient quantity of the highest quality, suitable for mirrors, which has made importations of this quality necessary. Even at this time we have letters refusing to accept our orders for silvering quality, hence our only sources of supply are foreign markets.

The inference from Mr. Wherrett's testimony before the Fordney committee is that the plate-glass manufacturers of Belgium are selling in Great Britain, Argentina, Canada, and Australia at prices less than half that they receive in the United States; however, during the year 1920 the United States exported to—

	Fest.
Great Britain.....	64, 815
Argentina.....	116, 565
Canada.....	1, 132, 062
Australia.....	245, 938
Total.....	1, 559, 380

Did the United States exporters meet the price quoted by Belgium; and if so, were the sales made at a loss or profit? Were the prices so high in the United States (over 300 per cent above 1914 prices) that profits they received enabled them to sell at a loss in foreign countries?

Plate glass of mirror quality, sold in the United States in July and August, 1915, at factory, for 35 cents per square foot and gradually advanced until in March, 1920, the selling price was \$1.06 per square foot, or three times the price of 1915. The selling prices were: 1916, 42 to 46 cents; 1917, 58 to 64 cents; 1918, 66 to 78 cents; 1919, 78 to 91 cents; March, 1920, \$1.06.

These prices are for the highest mirror quality of the 5-foot bracket.

The Belgian and other European manufacturers are shrewd merchants and they are just as familiar with conditions in this country as they are with conditions in their own and they know that the shortage of this quality exists here and secure practically the price maintained by domestic manufacturers (including tariff and freight).

The following prices are those which have prevailed this year up to November 28, at which time a new price list was issued by domestic manufacturers making reductions on all qualities of glass. The reduction applying to the first quality was, approximately, 14 per cent. Previous to November 28 the prices were—

In the United States, f. o. b. factory:

3 to 10 foot bracket.....	\$1. 0500
Freight to Grand Rapids.....	. 0200
Total.....	1. 0700

On the same dates the Belgian price, f. o. b. Antwerp:

3 to 5 foot bracket.....	. 7866
Duty.....	. 0600
Freight to Grand Rapids.....	. 0431
Total.....	. 8897
5 to 7 foot bracket.....	. 8721
Duty.....	. 0800
Freight to Grand Rapids.....	. 0431
Total.....	. 9952
7 to 10 foot bracket.....	. 9234
Duty.....	. 1200
Freight to Grand Rapids.....	. 0431
Total.....	1. 0865

The above figures substantiate the statement that European factories, on this quality of glass, secure practically the American manufacturers' price.

In the testimony of Mr. D. E. Albright he states that the plate-glass manufacturers employ between 8,000 and 10,000 men and possibly 1,000 women. An industry employing so many operatives is entitled to every consideration, yet we feel an equal consideration should be given the furniture and show-case manufacturers using plate glass, who employ at least 38,000 men, to say nothing of the men employed in the automobile and building industries and the inherent right of the consumer to buy at a reasonable price.

During the carnival of high prices in 1921 the glass manufacturers, jobbers, and manufacturers who polished, beveled, and silvered mirrors advanced the prices to a point 540 per cent above the prices prevailing in 1915. The reductions, including the one of November 28, have brought this down, at the present time, to about 230

per cent. The colossal profits acquired from these enormous advances have come from the pockets of the consumer. For instance, a mirror, 24 by 30 inches, silvered of first quality, which sold in 1915 for from \$2.40 to \$2.60 was advanced to \$12.72. By the time the manufacturer, jobber, and retailer had handled this glass and had made their legitimate profits it cost the consumer somewhere from \$22 to \$23 and was the largest single item entering into the high price, that prevailed at that time, of furniture.

In support of our belief that the plate-glass industry is not suffering from foreign competition we give below a summary of the published financial statements for 1914 to 1920 of the Pittsburgh Plate Glass Co., which company Mr. Wherrett testifies is producing "approximately 50 per cent of the 75,000,000 feet of plate glass manufactured in the United States:"

	Capital investment.	Profit before taxes.	Per cent of profit on capital.
1914.....	\$28,306,080	\$1,738,705	6.14
1915.....	28,377,181	1,659,238	5.84
1916.....	32,758,413	5,970,232	18.20
1917.....	36,699,708	6,546,092	17.80
1918.....	37,813,626	4,413,729	11.60
1919.....	44,391,616	9,910,119	22.30
1920.....	53,165,026	16,358,096	30.70

Production for 1920, 35,000,000 feet. Profit per foot, 46.7 cents.

Prior to 1920 the Pittsburgh Plate Glass according to the published statement of April 11, 1921, did not set up a reserve for Federal taxes nor a reserve against inventory deflation, yet in 1920 they set up a reserve for Federal tax of \$5,500,000 and a reserve against inventory deflation of \$4,850,000. Therefore, it seems to us if the same method of figuring had been followed, their profits—instead of being \$16,287,426—should have been \$26,637,426. Yet, assuming the profits to be only \$16,358,096 and the production 35,000,000 feet, it shows a profit of 46.7 cents per foot.

We very respectfully submit that, in our opinion, a flat tariff rate of 10 cents per foot is ample and all that the facts justify, and that paragraph 222 be amended to establish this rate.

The importations of plate glass into the United States for 1918 were 273 feet; 1919, 4,173 feet; 1920, 2,569,565 feet.

Exportations of plate glass were:

Fiscal year—	Feet.
1915.....	2,730,046
1916.....	5,149,512
1917.....	6,117,955
Calendar year—	
1918.....	6,022,083
1919.....	7,318,099
1920.....	4,140,895

(Page 125, United States Tariff Commission Report, except for 1920, which is December, 1920, Department of Commerce.)

For the 10 months ending October, 1921, importations into United States were 2,191,791 feet. Exports for same period, 1,927,715 feet.

BRIEF OF H. S. WHERRETT, PITTSBURGH, PA., REPRESENTING THE PLATE GLASS MANUFACTURERS OF THE UNITED STATES.

This brief applies to paragraphs 86, 87, 88, 89, and 90 of the Underwood-Simmons bill. The following statements refer specifically to paragraph 88, which covers cast polished plate glass, unsilvered.

The plate-glass manufacturers petitioned in a brief submitted to the Ways and Means Committee of the House of Representatives for a flat rate as being the most equitable and scientific method of assessing a duty on plate glass (see note for details) and requested a duty of 22½ cents per square foot on all sizes.

The Fordney bill, however, carries the following graduated rates: Plate glass measuring 384 square inches and under, 11 cents per square foot; above 384 square inches

but not over 720 square inches, 12½ cents per square foot; above 720 square inches, 20 cents per square foot.

These graduated rates were adopted in consideration of the users of small glass. These buyers, however, through Mr. Charles R. Sligh, of Grand Rapids, Mich., representing all the furniture manufacturers, fixture manufacturers, and showcase manufacturers, of the United States, have indorsed definitely and emphatically in a recent appearance before your committee the application of a flat-rate duty on polished plate glass. Mr. Sligh protested, however, against the suggested rates on the ground that importations consist almost entirely of first quality, used for mirrors, which is scarce and can not be obtained in adequate quantities in this country. This statement is entirely incorrect, as the Treasury reports show import valuations for September, October, and November, 1921, of 56.6 cents per square foot, whereas, according to Mr. Sligh's own statements, the lowest price obtainable in these qualities in Europe and United States was \$1.05.

He further claims that he was unable to purchase in this country the glass he requires even for his own business. This statement is erroneous because his own company has purchased from the Pittsburgh Plate Glass Co. less than one-third of the glass they have offered to furnish on their inquiries.

The rates incorporated in the Underwood bill are only slightly more than half the rates of the Payne-Aldrich bill and afford entirely inadequate protection. The present rates of duty were established against the strong protest of all the domestic manufacturers, and their claims of inadequate protection and harm to the industry were promptly substantiated by the large and immediate increase in importations.

IMPORTS AND EXPORTS.

The following is the table of imports and exports for the years 1911 to 1920, both inclusive:

Year.	Imports.	Exports.	Year.	Imports.	Exports.
	<i>Feet.</i>	<i>Feet.</i>		<i>Feet.</i>	<i>Feet.</i>
1911.....	2,272,851	88,596	1915.....	15,865	5,052,274
1912.....	1,001,332	222,206	1916.....	11,869	5,654,453
1913—January-September	1,081,505	165,129	1917.....	3,504	6,000,115
October-December ¹	1,115,656	.....	1918.....	273	6,074,363
1914—January-June.....	1,727,620	562,434	1919.....	4,173	7,318,099
July-December.....	383,496	.....	1920.....	2,569,475	4,332,132

¹ Present tariff effective.

It will be observed that no plate glass of consequence was exported from this country until the outbreak of the war, when the United States became, temporarily, the main source of supply for the world's market. Glass exported prior to the war was shipped almost exclusively to Canada, Mexico, and Cuba, where promptness of delivery, not price, was the deciding factor. In October, 1913, when the present tariff became effective, importations of plate glass trebled, and had they continued at the same rate, as would have doubtless been the case except for the outbreak of the war, the yearly aggregate would have reached menacing proportions.

Contrary to the situation governing exports, imports have always been a factor with the exception of the war period, viz, 1915 to 1919. While it is true that exports were fairly well maintained during the year 1920, the shipments applied largely against contracts place before the European factories were in position to resume business in a normal way. In 1915 and 1916 we had hoped that we might be able to permanently retain a reasonable amount of export business, but these hopes were dissipated by the increased cost of production and the adverse effect of the exchange situation.

FOREIGN AND DOMESTIC COST.

Early in 1921 when the plate-glass manufacturers appeared before the Ways and Means Committee reliable information indicated a cost of manufacturing in Belgium, which is the principal plate-glass producing and exporting country in Europe, of 25½ cents per square foot, based upon the existing rate of exchange. The cost of the domestic manufacturers for the year 1920 ranged from fifty-five to eighty-five one-hundredths cent to sixty-one to eighty-eight one hundredths cent per square foot, including depreciation on the basis approved by the Government, but with nothing

added for interest on investment or Federal taxes. While some reduction in cost was made during the year 1921 in both the United States and Europe, the relative costs to-day are approximately the same as above indicated.

FREIGHT RATES.

The transportation problem, especially with reference to the delivery of glass to the Pacific coast, is another phase of the tariff question which must be taken into account. Plate glass can be transported from Antwerp, Belgium, to any of the Pacific coast cities for approximately 8 cents per square foot less than the rail cost from our factories. This advantage alone is equal to the average duty in the present bill and therefore nullifies the present duty on all Pacific coast business.

FOREIGN PLATE GLASS COMBINATION.

In addition to the advantages that the European manufacturers have through their lower cost of production, depreciated exchange, and low freight rates, they are further fortified by the fact that since 1904 they have been organized into a strong combination, including nearly all the continental plate-glass companies, and which not only determines export prices but production as well. This combination is sanctioned by the Government, and has the power by its virtual control of all exporting factories to offset low prices which it may see fit to quote in any market by high prices in other markets that are under its control.

PROFITS.

In a brief recently filed with the Senate Finance Committee by Mr. C. R. Sligh, of Grand Rapids, Mich., representing the Furniture Manufacturers' Association, a statement was included showing the capital investment and profits of the Pittsburgh Plate Glass Co. for the years 1914 to 1920, both inclusive, indicating a percentage of profit on capital of from 5.84 per cent to 30.70 per cent per year. He also credits that company with a profit of 46.7 cents per square foot on our production of 1920. These figures, while inaccurate, are in any event entirely irrelevant, because Mr. Sligh ignores the fact that only 30 per cent of the business of the Pittsburgh Plate Glass Co. is plate-glass manufacturing.

In reality, the profit per square foot of the Pittsburgh Plate Glass Co. in 1920 was less than one-half of the figure represented by Mr. Sligh, and during the period of abnormal conditions (1914 to 1920, inclusive) their profits in the manufacture of plate glass, based upon actual investment in that branch of the business, averaged about 14½ per cent.

The published profits of the Belgian plate-glass manufacturers for the fiscal year ending June 30, 1920, were as follows:

Factory.	Capital.	Profits.
	<i>Francs.</i>	<i>Francs.</i>
St. Roch.....	6,500,000	8,078,720
Floreffe.....	2,856,500	5,175,637
Moustier.....	3,750,000	12,725,745
Charleroi.....	3,000,000	15,544,029
Auvelais.....	2,000,000	12,310,000

Profits substantially as large have been earned by the Belgian factories for the year ending June 30, 1921. It will be observed that the aggregate profits of the five Belgian companies for the year ending June 30, 1920, were 297 per cent, based on combined capital.

The profits of the domestic companies were certainly not unreasonable for a period which afforded such unusual profits. They were materially less than the profits of other manufacturing companies in this country and entirely insignificant in comparison with the profits of the Belgian manufacturers of plate glass, whom Mr. Sligh is apparently so anxious to foster.

RECOMMENDATION.

In view of the fact that the cost per square foot is the same for producing plate glass of all sizes, that the sale of glass under 5 square feet has gradually increased until it now represents 65 per cent of the entire output, that large sums of money have

been invested in new plants mainly for the purpose of supplying this demand for small glass, it is obvious that a flat rate of tariff will more nearly meet the present situation. Uniform tariffs on all sizes have for many years been in effect in Germany, Austria, and Spain and practically uniform rates in France and Italy. The undersigned, representing all the plate-glass manufacturers of the United States, therefore, recommend a flat duty on all sizes of 22½ cents per square foot. In making this recommendation we do not ask for the full difference between the domestic and foreign cost, but merely seek sufficient protection to avoid a large importation of small sizes that would demoralize the domestic industry, and a flat rate of 22½ cents would still permit importations. Again, in making this recommendation, we are cognizant of the fact that the Fordney bill specifies graduated rates, but we still maintain the principle and equity of a flat rate.

The preceding argument has treated of cast polished plate glass, unsilvered, covered in paragraph 88 of the existing tariff. All glass covered by paragraphs 86, 87, 89, and 90 is competitive with the product of the American factories, and the present differential between these paragraphs and paragraph 88 should at least be maintained.

(Signed by: The Allegheny Plate Glass Co., Glassmere, Pa.; The American Plate Glass Co., Kane, Pa.; The Edward Ford Plate Glass Co., Rossford, Ohio; The Heidenkamp Plate Glass Co., Springdale, Pa.; The National Plate Glass Co., Detroit, Mich.; The Pittsburgh Plate Glass Co., Pittsburgh, Pa.; The Standard Plate Glass Co., Butler, Pa.)

NOTE.—MANUFACTURING COST ALIKE ON ALL SIZES.

While all previous tariffs have provided for a lower duty on small sizes than large, and while it has been the custom (exaggerated in this country by the graduated tariff) established in the early days of the industry to quote lower prices on small sizes, it should be clearly understood that the manufacturing cost per square foot is alike on plates of all dimensions. The entire progress of the manufacturing process has been toward the casting of larger and larger sheets, until to-day glass is being cast in plates exceeding 400 square feet. These rough plates after they are cast are examined for quality and reduced in size to eliminate defects that can be seen. One side is then ground and polished by two operations, which are repeated on the other side. There are many defects in the plate which can not be detected in its rough condition which still further reduce the area when the polished surfaces make these defects visible. There is a further reduction in area by unavoidable breakage through the plant, so that the finished product as it is finally cut in the warehouse in merchantable quality appears in a great variety of sizes, about 7 per cent of which are under 5 feet, 16 per cent between 5 and 10 square feet, and 77 per cent over 10 square feet. The concentrated effort of the factories is devoted not to the production of popular sizes but to the production of the largest possible sheet, in order that it may be cut to advantage to the different sizes demanded by trade. Experience has proven that plate glass can be manufactured economically only in these large units.

While the development of economical manufacturing has been toward large plates, the growth in the consumption of plate glass has been almost entirely in sizes under 5 square feet, so that to-day 65 per cent of the consumption in this country is under 5 square feet and 75 per cent is under 10 square feet. This condition will be obvious when consideration is given to the volume of building during the past 5 years and to the growth of the automobile and furniture industries.

It is apparent, therefore, that sizes, some of them as small as 2 feet in area, which are demanded in such enormous quantities that they can be obtained only by cutting down large glass should sell for the price of the large glass out of which they are cut, plus the cost of cutting and that the custom of selling small sizes below the cost (originating in the early days of the industry and perpetuated by the tariff) has been outgrown by commercial development.

The subject of this paragraph has previously been presented during tariff hearings, and to prove the correctness of our contentions a schedule of our present selling prices is attached. This schedule, which has been gradually developed through the war period when we were free from foreign competition, is predicated upon a uniform cost per square foot of all ordinary sizes, aside from unpopular dimensions in small glass, which can only be marketed in competition with window glass by selling at less than cost.

It has been contended by those who have been interested in maintaining a low tariff that small sizes are a by-product and cost nothing to manufacture, the theory being that the manufacturer is better off to sell the glass at any price than to throw it away. It will be seen from the brief description of the manufacturing process that small sizes are in no sense a by-product, that they are produced in precisely the same

manner as large glass, and that the very nature of the manufacturing process creates plates of all dimensions. The lumber business presents a fair analogy. A pine board 3 inches wide does not command the price of a 12-inch board, but it is not in any sense a by-product. Five, 6, and 7-foot lengths are not called by-products, nor are they thrown away, although they are sold at a lower price than regular lengths. The pith of the matter is that the sizes most difficult to secure should sell for the most money in glass, as in lumber. If the demand for 5 to 7 foot lumber should increase to such an extent that it could be supplied only by cutting up the long lengths, the price of the short lengths would at once be adjusted to the price of the long lengths. This is precisely what has happened in the plate-glass business.

STAINED OR PAINTED GLASS WINDOWS.

[Paragraph 230.]

BRIEF OF OTTO W. HEINIGKE, NEW YORK CITY, REPRESENTING THE NATIONAL ORNAMENTAL GLASS MANUFACTURERS' ASSOCIATION OF THE UNITED STATES.

In accordance with permission granted August 22, we respectfully submit the following suggestion that in paragraph 230, line 2 of H. R. 7456, between the words "thereof" and "all," there be inserted "\$9.46 per square foot."

On page 672, Part I of Hearings on General Tariff Revision, Committee on Ways and Means, comparison No. 6 in the table shows the following costs on the type of window imported almost exclusively: German quotation, \$3.26; United States cost sheet, \$12.72. This shows a difference of \$9.46 per square foot with the mark figured at 2 cents.

An analysis of the American cost sheet on this same window, printed on page 677,¹ will reveal that 70 per cent of the cost of production, including manufacturing overhead, is hand labor.

Of the remaining 30 per cent of the manufacturing cost, eleven-thirtieths is raw material, 78 per cent of which is imported glass, on which a tariff of not less than 35 per cent is imposed by paragraph 219 of the same bill.

No part of any process can be done by machine.

The tremendous advantage in labor cost which the German manufacturer possesses is demonstrated by the table of comparative cost of labor on page 673.

The men who receive from 14 to 16 cents per hour in Germany and 80 cents to \$1 per hour in the United States are highly skilled and must have devoted a great deal of time outside of working hours to the study of drawing and to practice in the use of materials, and yet our men receive hardly as much pay as the carpenter and bricklayer. Our need for higher rate of duty than industries which use machinery for part or all of their processes and whose labor constitutes less than 70 per cent of their cost of production and who pay no duty on their raw material is, then, not unreasonable but economic.

Another fundamental of this industry which prevents economies which could be practiced if quantity production were possible is the fact that there is no such thing as a standard size or shape of church windows. This precludes manufacturing for stock during dull seasons and works to the further disadvantage of the higher-priced labor in competition with the European product.

Our reason for suggesting a change from an ad valorem to a specific duty is the custom peculiar to our industry that all contracts for church windows, which must be consulted to ascertain the American market valuation, include the cost of transportation and erection of the windows in the buildings for which they are made. Thus, the American market value of the window covered by cost sheet No. 6, page 677, would be \$15 per square foot, 63 per cent of which is \$9.45.

The phraseology of the administrative provision of the bill would undoubtedly raise a debatable question as to whether an ad valorem duty could be applied to the cost of erecting. Also the word "wholesale," as used in lines 9 and 10, section 402 of the administrative provision of the bill, can hardly be applied where each article is designed and made specially for a certain position and is most often sold singly by the manufacturer to the consumer. For these reasons a specific duty would probably avoid reference to the courts.

To prove that our foreign prices are not based upon an inferior product, we file herewith an original letter from Ferd. Müller, of Quidlenberg, Germany, quoting prices

¹ All page references are to Part I, hearing before Committee on Ways and Means.

lower than those on which our application is based. (Omitted in printing.) The Müller price is \$2.52 per square foot against the \$3.26 per square foot upon which our application is based.

The fact that stained-glass windows are not necessities, either in the production of other commodities or to the physical well-being of any class of people, but are luxuries purchased out of the surplus income of the wealthy or well to do, renders them subject to that scientific principle of tariff legislating which fixes the rate of duty in proportion to the amount of wages for labor required to produce the article. The same fact renders them fit subjects for tariff for revenue purposes.

Except during the war and in isolated instances where price is not a consideration, no stained glass is exported from this country.

In determining the amount of duty to be placed on stained-glass windows it can not be considered that the whole amount will be added to the cost of the foreign window to the purchaser. Foreign agents are notably well equipped with a knowledge of American costs, and past experience has taught that they do not sell their product for less than competitive conditions compel them to.

A forecast of what may be expected is contained in an invitation to a representative of this association from a foreign manufacturer that all our members close their American factories and become selling agents for his German factory. This was avowedly inspired by the action of the House of Representatives in amending the original bill, placing these windows on the free list.

This appears to be a somewhat premature attempt to rid themselves of all domestic competition in order that they may be free to loot the churches at will, as has been done by other trades under similar circumstances.

ROUGH GRANITE.

[Paragraph 235.]

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. Under paragraph 235 the tariff on granite suitable for monumental or building purposes, unmanufactured, is 15 cents a cubic foot.

I have a letter here sent to Congressman Hadley, after the bill passed the House, from a gentleman in our State urging that the tariff on granite in this shape should be the same as the tariff on unmanufactured marble, which is 65 cents per cubic foot. He states that this unmanufactured granite is produced largely in the West; that it is sent East and dressed and put in shape; that marble is largely in the unmanufactured state in the East.

We are subject, of course, to Canadian competition in so far as granite is concerned.

Senator McCUMBER. They only import the finished granite; they do not import it in the raw state, do they?

Senator JONES of Washington. They do a good deal in our State. It comes down from British Columbia. They can bring it by boat and the transportation charges are much smaller than by train. They do it, I think, very largely because of the small tariff. What he urges is to place a tariff of 65 cents per cubic foot on the unmanufactured granite.

Senator SMOOT. Senator, we had before us yesterday the largest producer of granite in Vermont, and he thought 15 cents per cubic foot was altogether too high.

Senator JONES of Washington. He is not subject to the competition to which we are subjected.

Senator SMOOT. Oh, certainly he is; he is right there across the line.

Senator JONES of Washington. I do not know how far it is produced from where he is and what his rate is to get it in, but I know that the rate in our section is very small. I have an idea, too, that the labor conditions are different in British Columbia from what they are in the eastern Canadian section. They have a great many Chinese up in the British Columbia industries, not only in connection with their mining, but also in connection with lumbering and all those industries, and it puts our people up against that difficult proposition.

Senator SMOOT. I think we will have to take care of it by taking it out of the free list.

Senator JONES of Washington. It is on the free list?

Senator SMOOT. Yes.

Senator JONES of Washington. You mean under the present tariff act?

Senator SMOOT. No; I mean the granite, unmanufactured, is on the free list.

Senator JONES of Washington. Let me look at paragraph 235.

Senator SMOOT. I know it is in paragraph 235 at 15 cents per cubic foot. We will have to take it off the free list anyhow.

Senator JONES of Washington. They have it on the free list and on the dutiable list, too?

Senator SMOOT. Yes.

Senator SUTHERLAND. One manufactured and the other unmanufactured?

Senator SMOOT. No. They say in one place, "Not suitable for use as monumental and building stone." Nobody on earth could tell whether it was or was not.

Senator JONES of Washington. That is probably true.

Senator SMOOT. We shall see that it is made clear, anyhow.

Senator JONES of Washington. I desire to file this letter from Mr. A. M. Light, of Granite Falls, Wash. He is a stonecutter and is not particularly interested in the production of granite or anything of that kind, but is simply a laborer on granite, and he gives the conditions confronting him.

Senator SMOOT. In Vermont they are paying \$8 for eight hours, and that is the minimum. It runs all the way from \$8 for eight hours up to over \$10 for eight hours. Now they are demanding an increase over and above that.

Senator McCUMBER. And shorter hours.

Senator SMOOT. Even with all that they think that 15 cents per cubic foot is all that they would ever want, and they think it is even more than is necessary.

Senator JONES of Washington. These are all the facts that I have in reference to it.

(The letter referred to is as follows:)

AUGUST 1, 1921.

Hon. WESLEY JONES, *Washington, D. C.*

DEAR SENATOR: I received a few days ago a letter from Lindley H. Hadley, Member of Congress, and a copy of the House of Representatives' tariff bill.

Now, I am interested in the tariff on stone, especially granite.

Now, I wish to call your attention to the tariff on "rough granite."

Now, in the House of Representatives' bill, as on page 47, paragraph 232, "Marble, breccia, and onyx in blocks, rough or squared only, 65 cents per cubic foot;" page 48, paragraph 233, "Marble, breccia, and onyx, wholly or partly manufactured into monuments, 40 per centum ad valorem;" paragraph 235, "Free stone, granite, sandstone, limestone, or all other stone suitable for use as monuments or building stone (except marble, etc.), hewn, dressed, or polished or otherwise manufactured, 40 per centum ad valorem (the same as marble); unmanufactured or not dressed, hewn, or polished, 15 cents per cubic foot."

Now, tariff on marble, 65 cents cubic foot rough; tariff on granite, 15 cents cubic foot rough, a difference of 50 cents per cubic foot.

Now, why is this—though both stones go into the same building, same monumental work? When shipped into the United States they are both large blocks, weighing 10 to 30 tons each. They are cut in two sizes; that is, cut for what the plan may call for, monumental or building.

Now, why is marble 65 cents and granite only 15 cents?

It is this: All of our marble quarries are owned by eastern companies and all are located in the Eastern States and Southeastern United States, except one quarry which is owned by the Vermont Marble Co. and located in Alaska. Stone is shipped to Tacoma, Wash., and California, where they have shops to manufacture in monumental.

Now, what foreign marble that comes to the United States comes through the eastern ports, mostly Boston and New York. But the granite is different. The finished granite comes in through the eastern ports from Scotland—all finished, no rough granite to speak of. But the rough granite comes in on the Pacific coast from British Columbia in large rough blocks, then cut to the sizes wanted, the same as they do marble blocks, and are put into buildings and monuments, the same as marble now. Why should it not carry the same tariff as rough marble?

There is more rough granite blocks shipped into the State of Washington than all the other States combined. There is over 80 per cent rough; the granite comes in on the Pacific coast from British Columbia by water at a rate 4 to 5 cents cubic foot, then a tariff tax of 15 cents, with an exchange of 20 cents. The State of Washington has some of the best granite deposits in the world—only needs opening up. But with the tariff so low we can not compete with the British Columbia quarrymen, so the manufacturers buy the British Columbia stone for \$1 per cubic foot and sell it the same as eastern stone.

Now, the writer is a granite cutter by trade and has been in the stone business for over 40 years. Have quarried both marble and granite and knows the business from practical experience.

Now, if the tariff can be made the same as marble, it will help to open up a big granite industry, the same as Barre, Vt., and other eastern granite centers, and St. Cloud, Minn. The lumber is going and there has got to be some other industry to take its place, the same as Minnesota, Wisconsin. Both States ship big tonnage in monumental work alone, and a big percentage comes to this coast, while we have the same stone in our hills. Thanking you,

Yours, truly,

A. M. LIGHT, *Granite Falls, Wash.*

POLISHED GRANITE.

[Paragraph 235.]

STATEMENT OF SEWARD W. JONES, REPRESENTING JONES BROS. CO. AND COOK, WATKINS & CO., BOSTON, MASS., AND BARRE, VT.

Mr. JONES. So that my position may be perfectly clear, gentlemen, because I appear here in a little different attitude from most people, I wish, first, to say that I believe in a protective tariff, but I want to prevent, if possible, even on a schedule like granite, which is not a very important one, a prohibitive tariff from being placed.

Jones Bros.' Co. have a capital of \$500,000. It is invested very largely, almost entirely, in Barre, Vt., operating three quarries, and

is probably the largest granite plant in the United States, as Senator Dillingham probably knows. Cook, Watkins & Co. have about \$200,000 invested, and they also have two plants operating at Barre, Vt. It so happens that both concerns have for many years imported a small amount of foreign granite. I think the total importations of our company the last year amounted to about \$20,000 out of a total business of somewhere around \$600,000 to \$1,000,000; and I assume that Cook, Watkins & Co. imported in about the same ratio.

The reason that we import this foreign granite is that we have no granite similar in color in this country. I have some samples here. Just briefly, to show you the colors [exhibiting samples to the committee], there [indicating] is a red granite that is quarried in St. Cloud, Minn.; that comes nearest to any granite that is imported.

This [indicating] is a foreign granite that is quite similar in color and texture.

This is another foreign granite, which you will see is quite different in color.

This [indicating] is a granite that comes from Missouri, which is different in color.

This [indicating] is a granite from Westerly, R. I., used very largely for carved work and finer monuments.

Senator DILLINGHAM. That is one of the gray granites of New England?

Mr. JONES. One of the gray granites of New England. This granite, I think, Senator Dillingham, is very familiar in quality. It is Barre (Vt.) granite, which is the dark Barre granite. There is probably more of this granite used for monumental purposes in this country than, I was going to say, all other granites combined.

Senator DILLINGHAM. Is that from your quarries?

Mr. JONES. Yes. This [indicating] is a pinkish granite that comes from Connecticut to a limited extent for monumental work. Here [indicating] is a sample from Concord, N. H. That is used very largely for building, though not much for monumental work.

Senator DILLINGHAM. It is the same as in the base of this building, is it not?

Mr. JONES. The Congressional Library is made of Concord granite.

There is [indicating] a granite that comes from Wisconsin, called "Warsaw"; that is a very deep red, as you will see.

This [indicating] is another sample of Barre granite. There are two colors here, and here [indicating] is a St. Cloud granite, a very dark material.

The principal granites that are imported—that is a jet black and that is a green, very dark green, and this is a reddish green color; we have no granites in this country like these, and the reason we import, and I think the same fact applies to Cook, Watkins & Co., is solely for the purpose of giving variety. So that a man is not confined even to Barre granite, which we, of course, like to sell him. But people have varying tastes and generally want a variety to select from, just like a man buying a suit of clothes.

Senator SMOOR. It is on the free list now. What are you asking for? Do you want it to remain on the free list?

Mr. JONES. No; I should have said that I was down here for 1661.

Senator SMOOR. Yes.

Mr. JONES. Now, paragraph 1661 makes no reference whatever to granite, but 1660 makes reference to granite.

Senator SMOOR. One thousand six hundred and sixty-one applies to granite.

Senator DILLINGHAM. One thousand six hundred and sixty-one refers to granite.

Mr. JONES. That is on the free list. But I should have said that I wrote to Senator Penrose saying that there was a mistake, that I wanted to be heard on paragraph 235, which refers to polished granite. The present rate of duty on polished granite is 25 per cent. In the House it was made 40 per cent, and he wrote back and said that under the circumstances he would hear me on the other paragraph. So that I am talking on paragraph 235, polished granite.

Senator McCUMBER. Do you want the polished granite to come in free?

Mr. JONES. Oh, not by any means. I am not talking on that at all. It is on the polished granite. The present rate, as I say, is 25 per cent. The House has increased it to 40 per cent. I am quite familiar with all the tariff bills which have been passed since the McKinley bill; that was 40 per cent; previous to that it was 20 per cent. Then it has varied from 40—it once went to 50, and remained there a short time—and now it is 25 per cent.

Senator McCUMBER. On the American valuation?

Mr. JONES. No; on the foreign valuation.

Senator SMOOR. Do you want 40 per cent on the American valuation?

Mr. JONES. I will come to that in just a moment.

What I want to say is this, that I think it would be a mistake to raise that to 40 per cent.

Senator SMOOR. Do you want it 25 per cent?

Mr. JONES. I want it to remain at 25 per cent on foreign values. I can not see any possible way of figuring out in the granite business the American valuation. It may be some one else can do it. But from my experience of 40 years in the business I do not know how you can come at it, for this reason: That you can go to a dozen manufacturers in St. Cloud, Minn., where this red granite comes from—and I have the quotations here—they vary anywhere from 10 to 40 per cent in their prices; and the same way if you send six blue prints to Quincy, Mass., you have the same results; also to Barre, Vt., or to any other point.

So I think it would be extremely difficult to rearrange any equitable plan on the American valuation.

Senator SMOOR. Material, rough, 10 cents. Do you want that to remain?

Mr. JONES. That is immaterial, because there is very little rough granite brought into this country. We are not particular about that one way or the other.

Senator DILLINGHAM. The amount is really negligible, is it not, of rough granite?

Mr. JONES. Oh, yes; it is very seldom—I do not suppose we have imported \$500 worth in 40 years of rough granite.

I do not want to take up very much more of your time. I have prepared here some comparisons and some figures, bills backing up all the statements that I have made here.

But I want to say just a word about where the foreign granite comes from: Formerly Scotland furnished most of the granite for the world, but those quarries are now exhausted. Last year, or a year ago, we sent a man to Scotland and Sweden and Norway to investigate the conditions over there, and he found that nearly all of the granite that was cut and finished in Scotland was shipped over in the rough from Sweden by sailing vessels and manufactured there and shipped to different parts of the world.

He found some manufacturing plants in Sweden, but they were very small and did a very small business. They also ship stone from there to Germany. The Germans have never exported, to my knowledge, any granite, although recently I saw a circular sent out by a German manufacturer making prices. But his designs were not at all suited to the requirements of this country. They are very different and would be unsalable here.

Do not think we have anything to fear from Germany, and we have not anything to fear as a manufacturer of granite—and I am talking from that standpoint, although, as I told you, we import very small quantities of foreign granite; I do not think we have anything to fear.

I am just going to cite a few instances: We have imported certain designs, and I have picked out a design that we imported last year. The rate of exchange at the time was \$3.90. It cost us delivered in Boston, duty paid, \$125.82. If the rate should go to normal, \$4.87, that would have cost us \$157.15.

Then we took that design and sent it to six manufacturers in St. Cloud, Minn., and we received six prices, and added them all up and divided by 6, and took the average, and that was \$114.83—that was their selling price. They were offering it to anybody in the wholesale way for \$114.83. We produced the same stone at our plant in Barre, Vt., and it cost us \$97.23.

There are others here of the same kind, and with each one we have attached the letters from the manufacturers giving their quotations. We have attached the bills on the foreign granite showing exactly what we paid, with tabulations and everything here to make it perfectly clear to anyone who would care to look over these papers. They are not long. That is all there is of this, and the other one consists of just simply two sheets, and they are all supported by the evidence.

Senator Smoot. Do you want to put them in the evidence?

Mr. Jones. Yes; I want to offer both of those.

And now I want to say just a word. I have already touched on American valuation. I do not know how that can be made up, and therefore I am afraid of it and should rather feel like opposing it.

But the question of wages might be interesting. In 1915—I might say that the industry is very strongly unionized—we made a contract with the men running for five years—the stonecutters and the polishers and the blacksmiths—at \$4 minimum; no maximum.

Senator Smoot. For eight hours?

Mr. Jones. For eight hours. During the war we increased that first to \$4.80, and then to \$5 and \$5.50, \$6, and \$6.40. The \$6.40 was to go into effect April 1, 1920, and it was to run until April 1, 1922. The stonecutters made another demand—demanded \$8 a day

for eight hours, \$1 an hour, and a good many of these men get above the minimum—that is a minimum price.

Senator DILLINGHAM. That was granted, was it not?

Mr. JONES. Oh, yes; it was. A good many of these men get anywhere from 50 cents to \$1 above the minimum, and of course they expected a similar raise. If they were getting \$7 when the agreement was \$6.40, they would expect 60 cents more on the \$8 minimum. We refused to grant it, and they struck, and they were out for 10 weeks. Some of the manufacturers had contracts which they had to fill, and we were forced to accede to their demands and pay, although we had sold the work under the \$6.40 agreement. Under that agreement they provided for conferences in event of changed conditions. Of course, conditions have changed. Last August we had a conference with them and pointed out the decreased cost of living and urged the men to take a less wage in order to stimulate business and get down as quickly as possible onto a peace basis. They not only refused, but they said they would give us a new agreement dated from April 1, 1922, at \$8 minimum, 5 days a week, and a quarter of an hour rest period in the morning hour and a quarter of an hour in the afternoon, making 7½ hours per day, or 37 hours per week. They also wanted the manufacturers to furnish all of the tools. In the industry it has always been customary for workmen to furnish certain tools—hammers, and things of that kind—not many, but a few. But they said those were the only conditions on which they would settle.

Within a week or 10 days we had another conference with them.

Senator WATSON. What wages do you pay, without going into the details of that conference?

Mr. JONES. We are paying \$8 minimum.

Senator McCUMBER. For eight hours?

Mr. JONES. For eight hours now.

Senator DILLINGHAM. The demand they have made now is for an increase instead of a decrease?

Mr. JONES. Yes; for an increase instead of a decrease. I only mention that for this reason, that in making up a tariff bill I do not think we can make it up on war wages. I can not imagine that these wages can continue, and I think it would be a great mistake to base a tariff bill on the present wages. They must come down; when they will come down I do not know.

Senator McLEAN. At whose instance was the rate raised in the House?

Mr. JONES. The present rate?

Senator McLEAN. The tariff.

Mr. JONES. I can not tell you; I was not here and did not know anything about the hearing, if there was a hearing.

Senator McLEAN. Do your competitors want a higher rate than you do?

Mr. JONES. I do not know; I presume they do. I found the manufacturers generally want all they can get, and importers want just as little tariff as they can get, and that is the reason I am here, because I think I can give you information that few men can give.

Senator McLEAN. Do your competitors import?

Mr. JONES. I do not think they do. Therefore, they do not know the cost.

Senator McLEAN. They are the ones who want the raise, then? You do import; you do not want it.

Mr. JONES. We import about \$20,000 worth of granite out of \$1,000,000 worth of sales.

Senator McLEAN. It is not of much consequence, I will admit.

Mr. JONES. These papers will show there on bids on the red granite. I do not know whether they came here.

Senator McCUMBER. Where are the imports mostly from?

Mr. JONES. From Scotland, and I was trying to tell you the rough granite comes from Sweden and Norway and is brought down to Scotland and manufactured there and shipped to this country.

Senator SMOOT. Nobody has asked for any change except on limestone, 235, asking that it be put into 232, and that was a request from Mr. H. S. Brule.

Senator DILLINGHAM. Mr. Jones, what is the present condition of the trade at Barre; what proportion of the normal number of men are now employed?

Mr. JONES. We have had as high as 230.

Senator DILLINGHAM. How does that compare with the full number that you ordinarily employ?

Mr. JONES. I was going to tell you what ours are. I think the same proportion will bear—230; and we have now about 40. The business is almost at a standstill. It is almost dead.

Senator DILLINGHAM. Your brother Hugh told me he was not employing one-third of the normal number.

Mr. JONES. I should think about 25 per cent; I have not any doubt but that on the 1st of January the industry will close down entirely.

Senator DILLINGHAM. How long has that industry existed?

Mr. JONES. This year the highest number of cutters we employed was about 65 out of 230.

Senator DILLINGHAM. Since the 1st of January?

Mr. JONES. The 1st of January, 1921.

Senator DILLINGHAM. And still the men who are employed, you say, belong to the union and are asking a higher rate of wage?

Mr. JONES. They are.

(The documents referred to by Mr. Jones are as follows:)

STATEMENT OF COMPARATIVE COSTS AND WHOLESALE SELLING PRICES OF IMPORTED SCOTCH AND SWEDISH GRANITE MONUMENTS WITH SIMILAR DOMESTIC MERCHANDISE.

1. So as to make a comparison between domestic granite and imported granite, prices have been secured on two popular selling designs from American manufacturers on granites comparable in color and quality, and also on the imported granites, and we have also manufactured the same designs in Barre granite in our plant in Barre, Vt.

2. The prices secured on domestic granites freely offered for sale in the principal markets of the United States are shown on Exhibit A, attached to which are the quotations received.

The following table shows how the tariff would affect the selling prices of imported granites as compared with quotations made on similar domestic merchandise:

	Design No. 30861.	Design No. 18404.
A. Cost in foreign granite c. i. f. Boston, £23-10-0, at \$3.90 per pound sterling (Exhibit O), freight 1,750 lbs., at £3-7-6 per ton, at \$3.90 per pound sterling.	\$102.91	\$98.97
B. Cost in foreign granite c. i. f. Boston, without duty, exchange at \$4.87 per pound sterling.	128.56	123.20
C. Cost in foreign granite f. o. b. Boston, with 25 per cent ad valorem duty, not including expense of office in Aberdeen, customs expense, selling, and overhead expense or profit, exchange at \$3.90 per pound sterling.	125.82	121.40
D. Cost in foreign granite with same condition as subparagraph C, except estimating exchange at \$4.87 per pound sterling.	157.15	151.20
E. Cost in foreign granite f. o. b. Boston, with 25 per cent duty based on an average domestic value, using the American valuation plan, exchange figured at \$3.90 per pound sterling, and not including any expense or profit.	131.62	127.07
F. Cost in foreign granite f. o. b. Boston, with 40 per cent duty based on average domestic value, using the American valuation plan, exchange figured at \$3.90 per pound sterling and not including any expense or profit.	148.84	143.93
G. Overhead and profit of 30 per cent added to condition in subparagraph A.	147.00	141.38
H. Overhead and profit of 30 per cent added to condition in subparagraph B.	183.65	176.00
I. Overhead and profit of 30 per cent added to condition in subparagraph C.	179.74	173.42
J. Overhead and profit of 30 per cent added to condition in subparagraph D.	224.50	216.00
K. Overhead and profit of 30 per cent added to condition in subparagraph E.	188.02	182.52
L. Overhead and profit of 30 per cent added to condition in subparagraph F.	212.62	205.61
M. Average selling prices of similar domestic granite offered freely.	114.83	112.41
N. Cost to produce in granite similar in quality and only different in color in the plant of the largest producers of monuments in the United States of America.	97.23	110.40

3. The overhead and profit of 30 per cent referred to in subparagraphs G, H, I, J, K, and L is made up as follows: Thirteen per cent profit for importer, 7 per cent selling expense, 10 per cent to cover buyer's salary and office abroad, as well as inspecting expense, drawings, etc., the various percentages being figured on selling prices, and not costs.

4. Note discrepancy in prices quoted by manufacturers of similar domestic merchandise (Exhibit A). Prices vary from \$95 to \$140 on design No. 30861 and from \$97 to \$134 on design No. 18404.

5. The present selling price, with a 25 per cent ad valorem duty, foreign value, on design No. 30861, in Beers red granite, showing a profit of 13 per cent, is \$179.74. The present selling price on the same design in similar domestic merchandise offered freely is from \$95 to \$140.

6. The present selling price, with a 25 per cent ad valorem duty, foreign value, on design No. 18404, in Beers red granite, showing a 13 per cent profit, is \$173.42. The present selling price of American manufacturers of similar domestic merchandise freely offered is \$95 to \$140, as shown on Exhibit A. In order to attempt to compete with the prices quoted by American manufacturers, we are now offering this design to the trade for \$167.

7. The foreign granite used as a basis for comparison is the lowest in price of any of the imported granites handled by American importers.

8. The American granite used in the basis of comparison is comparable in color and texture, and it has the largest sale in the United States of any granites similar to the imported granites and is considered the least expensive comparable granite produced.

9. The designs used for the comparisons made require considerably more labor than the average designs sold. Where a monument is only partly finished, the American manufacturers' price is so much lower than the price on imported granites that the sale of this class of monuments is eliminated by the present 25 per cent ad valorem duty. As an example, the wholesale price on a die of a monument 2-0 wide by 1-0 thick by 2-6 high, with bevel top and face polished, with the sides and back rustic and the bottom jointed to set on a base, in the cheapest imported granite, is \$70, while the same design is freely offered for sale in the principal markets in the United States for \$42.50 and \$56 in domestic granites comparable in color and quality. Exhibit B attached herewith shows the authority for the quotations on American red granite referred to in this paragraph.

10. An increase in the duty on granite monuments is unnecessary. The present ad valorem duty of 25 per cent prevents the importation in any sizable quantity, and to increase the duty or to have it based on American valuation would kill the sale and deprive the Government of revenue. Certainly American manufacturers of granite monuments do not need protection, as is shown by the various comparative costs submitted herewith.

11. During the years of 1917, 1918, 1919, and 1920 the importation of granite for monumental purposes from foreign countries has been very limited, because

of labor shortage, transportation conditions, etc. During 1920 this company sold approximately \$20,000 worth of imported granite. The sale of American granite quarried and manufactured by this company last year was approximately \$650,000. As the largest producers of monumental granite in the United States, we know that any duty as protection is absolutely unnecessary. The 25 per cent ad valorem duty now prevailing offers an opportunity for the Government to collect some revenue and, at the same time, does not entirely prohibit the sale of imported granites. An increase to 25 per cent or 40 per cent, American valuation, would defeat the only remaining reason for a tariff, namely, revenue; and we therefore recommend that the present tariff of 25 per cent ad valorem on granite be maintained, or, if American valuations are adopted, the rate should be reduced to correspond with the present duty on granite monuments, namely, 25 per cent ad valorem.

12. The imported granites used for monumental purposes in the United States in years past have practically all been manufactured in Aberdeen, Scotland. The rough stone is quarried at various points in Norway and Sweden. Occasionally American importers have monuments manufactured in Sweden. We have no knowledge of granites ever having been imported from any countries other than those named.

EXHIBIT A.

	Design No. 30861.	Design No. 18404.
Hilder Granite Co.....	\$140.00	\$106.75
Melrose Granite Co.....	104.00	107.00
Granite City Granite Co.....	140.00	120.00
Campbell North Star Granite Co.....	95.00	134.00
Gopher Granite Co.....	115.00	109.75
Great Northern Granite Co.....	95.00	97.00
Average cost.....	114.83	112.41

ST. CLOUD, MINN., August 31, 1921.

THE JONES BROS. CO., Boston, Mass.

GENTLEMEN: Our price for the red die No. 30861 is \$140 and for No. 18404 is \$106.75.

Awaiting your orders, we remain,

Yours, very truly,

HILDER GRANITE CO.,
By G. J. HILDER.

ST. CLOUD, MINN., August 30, 1921.

JONES BROS. GRANITE CO., Boston, Mass.

DEAR SIR: Complying with yours of August 26, 1921, we propose to furnish you the following as per specifications: Red St. Cloud, 30861, die 3.6 by 1.2 by 2.6, polished two sides, carve one side, \$104; 18404, die 2.8 by 1 by 2.8, polished four sides and oval top, \$107.

MELROSE GRANITE CO.

ST. CLOUD, MINN., August 30, 1921.

JONES BROS. CO., Boston, Mass.

GENTLEMEN: Answering your inquiry of August 26 are pleased to quote you the following: One red monument die 3.6 by 1.2 by 2.6, polished 2, carved 1, balance rock, base not furnished, \$140; one red die, 2.8 by 1 by 2.8, polished 5, \$120.

Thanking you for this inquiry, and trusting to receive your order, we are,

Yours, very truly,

GRANITE CITY GRANITE CO.

ST. CLOUD, MINN., August 29, 1921.

JONES BROS. CO., Boston, Mass.

DEAR SIR: Complying with yours of August 26, we propose to furnish monumental work substantially of the following sizes and proportions:

North Star red die, No. 18404, 2.8 by 1 by 2.8, all polished, oval top, \$134; North Star red die, No. 30861, 3.6 by 1.2 by 2.6, polished 2, carved 1, \$95.

CAMPBELL NORTH STAR GRANITE CO.,
By JOHN CAMPBELL.

ST. CLOUD, MINN., August 29, 1921.

The JONES BROS. Co. (INC.), Boston, Mass.

DEAR SIR: Complying with yours of August 26, 1921, we propose to furnish you the following as per specifications:

Red St. Cloud granite, No. 18404, one die, 2.8 by 1 by 2.8, polished 5, \$109.75; No. 30861, 1 die, 3.6 by 1.2 by 2.6, polished 2, carved 1, \$115.

GOPHER GRANITE Co.,
By WM. V. B. HELM.

ST. CLOUD, MINN., August 29, 1921.

JONES BROS. Co., Boston, Mass.

DEAR SIR: Complying with yours of August 26, we propose to furnish you the following as per specifications:

No. 18404, \$97; No. 30861, \$95.

GREAT NORTHERN GRANITE CO.

EXHIBIT B.

Stock sheets No. 14 of the Melrose Granite Co., and No. 2 of the Pioneer Granite Co., offer granite dies for monuments 2-0 wide, 1-0 thick, and 2-6 high, with the bevel top and face polished, ends and back rock face, bottom jointed, at \$56 (Melrose Granite Co.) and \$42.50 (Pioneer Granite Co.).

PIONEER GRANITE CO. STOCK SHEET NO. 2.

ST. CLOUD, MINN., August 1, 1921.

Dark red St. Cloud dies.

Polished one and bevel, bottom jointed, bal. rock:	Each.
1 die, 1-10x1-0x2-10.....	\$40.50
1 die, 1-10 1-0x2-4.....	38.25
1 die, 1-8x1-0 2-6.....	36.00
1 die, 1-8x1-0x2-2.....	32.75
6 dies, 2-0x1-0x2-6.....	42.50
1 die, 2-0x1-0x1-11.....	33.00
Polished two sides, bottom jointed, bal. rock:	
1 die, 1-2x1-0x3-6.....	65.50
1 die, 1-6x1-0x2-3.....	30.50
1 die, 1-8x1-0x2-0.....	31.50
1 die, 2-0x1-0x3-0.....	52.50
1 die, 1-6x1-0x2-0.....	28.50
1 die, 1-10x0-10x2-2.....	34.50

Dark gray St. Cloud dies.

Polished one side, bottom jointed, bal. rock:	Each.
2 dies, 1-8x0-8x2-2.....	\$23.25
12 dies, 1-6x0-8x2-0.....	20.25
1 die, 1-8x0-8x2-4.....	24.75
1 die, 1-8x0-8x1-10.....	20.50
2 dies, 1-8x0-8x2-0.....	21.75
1 die, 1-4x0-8x1-10.....	16.50
3 dies, 1-8x0-8x2-1.....	22.50
1 die, 1-6x0-8x2-5.....	23.75
1 die, 1-6x0-7x1-10.....	19.00
1 die, 1-6x0-8x1-10.....	20.00
1 die, 1-6x0-6x2-0.....	18.75
1 die, 1-8x0-8x2-2.....	23.25
1 die, 1-8x0-7x2-1.....	22.00
1 die, 2-0x0-10x2-2.....	29.25
3 dies, 1-10x0-10x2-2.....	27.75
1 die, 1-6x0-10x1-9.....	21.00
1 die, 1-10x0-10x2-3.....	28.50

is probably the largest granite plant in the United States, as Senator Dillingham probably knows. Cook, Watkins & Co. have about \$200,000 invested, and they also have two plants operating at Barre, Vt. It so happens that both concerns have for many years imported a small amount of foreign granite. I think the total importations of our company the last year amounted to about \$20,000 out of a total business of somewhere around \$600,000 to \$1,000,000; and I assume that Cook, Watkins & Co. imported in about the same ratio.

The reason that we import this foreign granite is that we have no granite similar in color in this country. I have some samples here. Just briefly, to show you the colors [exhibiting samples to the committee], there [indicating] is a red granite that is quarried in St. Cloud, Minn.; that comes nearest to any granite that is imported.

This [indicating] is a foreign granite that is quite similar in color and texture.

This is another foreign granite, which you will see is quite different in color.

This [indicating] is a granite that comes from Missouri, which is different in color.

This [indicating] is a granite from Westerly, R. I., used very largely for carved work and finer monuments.

Senator DILLINGHAM. That is one of the gray granites of New England?

Mr. JONES. One of the gray granites of New England. This granite, I think, Senator Dillingham, is very familiar in quality. It is Barre (Vt.) granite, which is the dark Barre granite. There is probably more of this granite used for monumental purposes in this country than, I was going to say, all other granites combined.

Senator DILLINGHAM. Is that from your quarries?

Mr. JONES. Yes. This [indicating] is a pinkish granite that comes from Connecticut to a limited extent for monumental work. Here [indicating] is a sample from Concord, N. H. That is used very largely for building, though not much for monumental work.

Senator DILLINGHAM. It is the same as in the base of this building, is it not?

Mr. JONES. The Congressional Library is made of Concord granite.

There is [indicating] a granite that comes from Wisconsin, called "Warsaw"; that is a very deep red, as you will see.

This [indicating] is another sample of Barre granite. There are two colors here, and here [indicating] is a St. Cloud granite, a very dark material.

The principal granites that are imported—that is a jet black and that is a green, very dark green, and this is a reddish green color; we have no granites in this country like these, and the reason we import, and I think the same fact applies to Cook, Watkins & Co., is solely for the purpose of giving variety. So that a man is not confined even to Barre granite, which we, of course, like to sell him. But people have varying tastes and generally want a variety to select from, just like a man buying a suit of clothes.

Senator SMOOT. It is on the free list now. What are you asking for? Do you want it to remain on the free list?

Mr. JONES. No; I should have said that I was down here for 1661.

Senator SMOOT. Yes.

Mr. JONES. Now, paragraph 1661 makes no reference whatever to granite, but 1660 makes reference to granite.

Senator SMOOT. One thousand six hundred and sixty-one applies to granite.

Senator DILLINGHAM. One thousand six hundred and sixty-one refers to granite.

Mr. JONES. That is on the free list. But I should have said that I wrote to Senator Penrose saying that there was a mistake, that I wanted to be heard on paragraph 235, which refers to polished granite. The present rate of duty on polished granite is 25 per cent. In the House it was made 40 per cent, and he wrote back and said that under the circumstances he would hear me on the other paragraph. So that I am talking on paragraph 235, polished granite.

Senator McCUMBER. Do you want the polished granite to come in free?

Mr. JONES. Oh, not by any means. I am not talking on that at all. It is on the polished granite. The present rate, as I say, is 25 per cent. The House has increased it to 40 per cent. I am quite familiar with all the tariff bills which have been passed since the McKinley bill; that was 40 per cent; previous to that it was 20 per cent. Then it has varied from 40—it once went to 50, and remained there a short time—and now it is 25 per cent.

Senator McCUMBER. On the American valuation?

Mr. JONES. No; on the foreign valuation.

Senator SMOOT. Do you want 40 per cent on the American valuation?

Mr. JONES. I will come to that in just a moment.

What I want to say is this, that I think it would be a mistake to raise that to 40 per cent.

Senator SMOOT. Do you want it 25 per cent?

Mr. JONES. I want it to remain at 25 per cent on foreign values. I can not see any possible way of figuring out in the granite business the American valuation. It may be some one else can do it. But from my experience of 40 years in the business I do not know how you can come at it, for this reason: That you can go to a dozen manufacturers in St. Cloud, Minn., where this red granite comes from—and I have the quotations here—they vary anywhere from 10 to 40 per cent in their prices; and the same way if you send six blue prints to Quincy, Mass., you have the same results; also to Barre, Vt., or to any other point.

So I think it would be extremely difficult to rearrange any equitable plan on the American valuation.

Senator SMOOT. Material, rough, 10 cents. Do you want that to remain?

Mr. JONES. That is immaterial, because there is very little rough granite brought into this country. We are not particular about that one way or the other.

Senator DILLINGHAM. The amount is really negligible, is it not, of rough granite?

Mr. JONES. Oh, yes; it is very seldom—I do not suppose we have imported \$500 worth in 40 years of rough granite.

I do not want to take up very much more of your time. I have prepared here some comparisons and some figures, bills backing up all the statements that I have made here.

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COMPARISON OF COSTS AND SELLING PRICES BETWEEN IMPORTED SCOTCH AND SWEDISH GRANITES AND SIMILAR DOMESTIC MERCHANDISE.

Attached you will find Exhibits A, B, and C, with summary, showing comparative costs and selling prices on design No. 1430; also Exhibits D, E, and F, with summary, showing comparative costs and selling prices in connection with design No. 967. In offering these we have selected designs which are commonly imported. The designs showing rock face finish with small amount of labor which are commonly handled in this country are not imported for the reason that the present tariff is prohibitive on this class of work.

We call your attention to the fact that St. Cloud, Minn., produces a granite more closely resembling the imported granites that are being handled in the markets here than any other granite center in the United States. For this reason, foreign granite comes more closely into competition with St. Cloud granite than any other; consequently, we have endeavored to show the comparison of prices between the imported granites and the granites from St. Cloud and have also shown comparative costs of manufacturing in our own plants at Barre, Vt., out of Barre granite. We also wish to call your attention to the fact that the foreign costs are figured on the basis of the present rate of exchange and not on the normal rate.

The labor conditions at St. Cloud are slightly different than they are at other granite centers, particularly in New England, they having instituted to a considerable extent the so-called American plan and reduced the wages from a \$8 a day minimum to a \$6 a day minimum; while at Barre, Vt., Quincy, Mass., Westerly, R. I., and other New England centers they are still paying the war wage of \$1 an hour minimum.

In connection with the imported granites used in the comparison, the Red Balmoral most clearly resembles the St. Cloud granites and is the nearest comparison between imported and American granites that can be made. The Magna Red used in the case of design No. 967 is the cheapest granite that is imported, so far as our experience goes. It shows a somewhat lower cost delivered at the port of Boston than would be the case if Red Balmoral had been used in this case.

Our reason for submitting these figures to you is—we being large manufacturers of American granites, having two large plants in Barre, Vt., and also importing to some extent—we are in a position to furnish you with accurate information which we assume is what you want in framing a new tariff bill; and as taxpayers, we are interested in seeing the tariff placed where it will produce some revenue rather than be absolutely prohibitive. We think these figures are sufficient to convince you that the present tariff furnishes every protection necessary and we recommend that it be not increased.

COOK, WATKINS & Co.,
By BRADFORD C. PATCH.

DESIGN NO. 1430, SUMMARY EXHIBITS A, B, C.

Average selling price at which design is freely offered for sale in red St. Cloud granite.....	\$287.67
Cost to manufacturer in Barre, Vt.....	292.02
Selling price in Barre granite to net 10 per cent profit.....	381.62
Cost at port of Boston of Balmoral Red granite.....	360.69
Selling price in United States to net 10 per cent profit.....	481.29

DESIGN NO. 967, SUMMARY EXHIBITS D, E, F.

Average selling price at which design is freely offered for sale in red St. Cloud granite.....	\$96.62
Cost to manufacturer in Barre, Vt.....	110.84
Selling price in Barre granite to net 10 per cent profit.....	144.89
Cost at port of Boston of Magna Red imported granite.....	120.71
Selling price in United States to net 10 per cent profit.....	157.77

EXHIBIT A.

DESIGN NO. 1430 (NO. 28068).

Quotations in St. Cloud (Minn.) granite:	
United Granite Co.....	\$276.00
Melrose Granite Co.....	285.00
St. Cloud Granite Works (Inc.).....	302.00
Average price at which they are freely offered for sale (wage rate, 75 cents per hour, minimum).....	287.67

ST. CLOUD, MINN., *September 6, 1921.*

We will accept any or all of the following-named work at prices named below:
No. 28068, for \$276.

Yours, truly,

UNITED GRANITE CO.

Uniform proposal and contract adopted by International Monumental Granite Producers Association, Melrose Granite Co.

ST. CLOUD, MINN., *September 3, 1921.*

COOK & WATKINS Co., *Boston, Mass.*

DEAR SIR: Complying with yours of we propose to furnish you the following as per specifications:

Red St. Cloud, 28068; die, 4.0 by 1.0 by 3.0, all polished carved 1S; BB, 5.0 by 1.8 by 1.2, all polished, \$285.

ST. CLOUD, MINN., *September 7, 1921.*

COOK & WATKINS Co., *Boston, Mass.*

GENTLEMEN: We beg to quote on monument No. 28068, die 4-0 by 1-0 by 3-0 polished 5, carved 1, base 5 by 1-8 by 1-2, all polished, at \$302.

Respectfully, yours,

ST. CLOUD GRANITE WORKS (INC.)

EXHIBIT B.

DESIGN NO. 1430 (NO. 28068).

Cost of Balmoral imported monument design No. 1430 (No. 28068) delivered in Boston. Analysis based on present rate of exchange \$4.20 per pound sterling.

Purchased of A. Nicol:

Cost, £64 15s., at \$4.20.....	\$268. 80
Duty, 25 per cent.....	67. 20
Ocean freight, 57/6 per ton.....	11. 25
Cost of buying abroad, 5 per cent.....	13. 44

Cost delivered at port of Boston.....	369. 69
Cost to market in United States of America, 15 per cent of sales.....	62. 47
Profit on sale for importer, 10 per cent.....	48. 13

Selling price in United States of America..... 481. 29

CLAREMONT GRANITE WORKS,
Aberdeen, Nov. 29.

COOK, WATKINS & Co., 7 Belmont Street, Aberdeen:
From Alexander Nicol & Son.

	£	s.	d.
To 1 Hill 0-Fare mrk. 1 c/s, marked C. W. & Co. 59068, Boston.....	8	10	0
To 1 Balmoral red die 1 c/s, marked C. W. & Co. 27473, Boston.....	21	0	0
To 1 Balmoral red die 1 c/s, marked C. W. & Co. 27474, Boston.....	21	0	0
To 1 Beus red die 1 c/s, marked C. W. & Co. 28051, Boston.....	32	0	0
To 1 Balmoral red monument 2 c/s, marked C. W. & Co. 28068, Boston...	64	15	0
To 1 Balmoral red monument 2 c/s, marked C. W. & Co. 28069, Boston..	64	15	0
	212	0	0
	4	4	3
	207	15	9
Total.....	\$1,032.	44	
Discount.....		20.	52
Cash.....		1,011.	92

EXHIBIT C.

DESIGN NO. 1430 (NO. 28068), BARRE, VT., GRANITE.

Cost to manufacturer at our plants at Barre, Vt., under present war wage of \$1 per hour minimum.....	\$292.02
Cost to market, 15 per cent.....	51.43
Profit for manufacturer, 10 per cent.....	38.17
Selling price in United States of America to net 10 per cent profit....	381.62

EXHIBIT D.

DESIGN NO. 967 (NO. 69104). QUOTATIONS IN ST. CLOUD, MINN., GRANITE.

St. Cloud Granite Works (Inc.).....	\$97.00
Great Northern Granite Co.....	97.00
United Granite Co.....	95.50
Melrose Granite Co.....	97.00
Average price at which they are freely offered for sale (wage rate, 75 cents per hour minimum).....	96.62

ST. CLOUD, MINN., December 9, 1921.

COOK, WATKINS & Co., Boston, Mass.

GENTLEMEN: Replying to your favor of the 6th instant, beg to quote on base 3.4 by 1.8 by 1.4 washes ax., balance rock, at \$27.25. Same base with margin at top at \$33 net.

Red bottom base stock in carload lots at \$2.10 per cubic foot, and allow you a discount of 10 per cent.

Replying to your favor of the 5th instant, beg to quote on die No. 69104, 2.8 by 1 by 2.8 pol. 5, bottom jointed, at \$97 net.

Respectfully, yours,

ST. CLOUD GRANITE WORKS (Inc.).

ST. CLOUD, MINN., December 8, 1921.

COOK, WATKINS & Co. Boston, Mass.

DEAR SIR: Complying with yours of December 5 we propose to furnish you the following as per specifications: No. 69104, \$97.

GREAT NORTHERN GRANITE CO.

ST. CLOUD, MINN., December 8, 1921.

COOK, WATKINS & Co., Boston, Mass.

GENTLEMEN: Price on red Die No. 69104, \$95.50. Hoping to receive the order, we remain,

Yours, truly,

UNITED GRANITE CO.

ST. CLOUD, MINN., December 8, 1921.

COOK, WATKINS & Co., Boston, Mass.

GENTLEMEN: In reply to your letter of the 5th instant, we are pleased to quote on work wanted as follows: Sketch 69104, best red St. Cloud granite, die 2.8 by 1 by 2.8, polished four sides and oval top, price, \$97.

We have endeavored to give you a close price on this die and hope to order for same.

Yours, very truly,

MELROSE GRANITE CO.

EXHIBIT E.

DESIGN NO. 967 (NO. 27611).

Cost of Magna Red imported monument design No. 967 (No. 27611) delivered in Boston. Analysis based on present rate of exchange, \$4.20 per pound sterling.

Purchased of Jas. Mitchell:

Cost, £20 15s., at \$4.20.....	\$87. 15
Duty, 25 per cent.....	21. 75
Ocean freight, 57/6 per ton.....	7. 45
Cost of buying abroad, 5 per cent.....	4. 36

Cost delivered at port of Boston.....	120. 71
Cost to market in United States of America, 15 per cent of sales.....	21. 29
Profit on sale for importer, 10 per cent.....	15. 77

Selling price in United States of America to net 10 per cent..... 157. 77

ABERDEEN, August 22, 1901.

To James A. Mitchell.

	£	s.	d.
To 4 Magna red dies, 4 cases, 27609/12, C. W. & Co., Boston.....	83	0	0
To 1 Burs red marker, 1 case, 59863, C. W. & Co., Boston.....	4	5	0
To 2 Rose swede marker, 1 case, 59913, C. W. & Co., Boston.....	6	5	0
	93	10	0
	1	17	5
	91	12	7
Total.....	\$455.	35	
Discount.....		9.	11
Cash.....	446.	24	

EXHIBIT F.

DESIGN NO. 967 (NO. 1907) BARRE (VT.) GRANITE.

Cost to manufacture at our plants at Barre, Vt., under present war wage of \$1 per hour minimum.....	\$110. 84
Cost to market, 15 per cent.....	19. 56
Profit for manufacturer, 10 per cent.....	14. 49

Selling price in United States of America, to net 10 per cent profit... 144. 89

POLISHED GRANITE AND IRON SAND.

[Paragraphs 235 and 335.]

STATEMENT OF R. C. BOWERS, REPRESENTING R. C. BOWERS GRANITE CO., MONTPELIER, VT.

Senator DILLINGHAM. Mr. Chairman, I will say that Mr. Bowers is a neighbor of mine at Montpelier, Vt., which is the center of the granite industry in the United States if not in the world; he is a wholesale dealer in granite manufacturers' supplies, and he would like to be heard on the question of iron sand and imported granite monuments.

Mr. BOWERS. I first wish to speak on what, I think, is listed in the tariff commonly known as iron sand, or shot, and which is used in

the manufacture of granite. The present rate of duty is 30 per cent, and I think that the duty should not be raised, for the reason that the present wholesale price of iron sand in Scotland is £12 per ton, which, figuring on the present rate of exchange, \$4.20, would be \$50; and the duty, 30 per cent, would be \$15, and the freight to Boston would be \$10.50, and the freight from Boston to Montpelier \$8, making a total of \$83.50.

The American shot sells for \$67 per ton delivered at Montpelier. I have imported sand for the past 25 years, and never paid less than £6 10s. per ton, and there has never been a time when the makers of American sand would not undersell me \$5 a ton. Their industry does not need any additional protection.

Senator DILLINGHAM. You say that the American producers have always undersold your importations by \$5 a ton?

Mr. BOWERS. Yes, Senator. The reason of that is their shot is tempered possibly a little harder than the foreign shot, and the larger consumers use that shot in preference to the extent of \$5 per ton over the foreign shot.

That would make a total cost, as I say, of \$83.50 for the foreign shot against the \$67 per ton, the present selling price of the American shot. In addition to the \$83.50, I have not added any profit.

Senator DILLINGHAM. Is there a demand for the foreign shot?

Mr. BOWERS. There is, Senator, because the small users prefer the iron shot not tempered as hard as the American iron shot, and it is better adapted to their purposes than the American iron shot.

Senator DILLINGHAM. As I understand you, you are perfectly willing to have the present tariff stand on it?

Mr. BOWERS. Yes; I am willing to have that.

Senator DILLINGHAM. What does the Fordney bill call for?

Mr. BOWERS. I think it is a cent a pound.

Senator DILLINGHAM. Higher?

Mr. BOWERS. One cent a pound straight; the present bill is 30 per cent ad valorem.

Senator McCUMBER. Which do you want?

Mr. BOWERS. I want the present rate maintained, 30 per cent ad valorem.

Mr. BOWERS. On the foreign granite, permit me to say that I am in the wholesale granite business, dealing in American granites and imported foreign granites. The present rate of duty is 25 per cent, which I think is ample for the protection of the American industries.

Senator McCUMBER. That is, on the finished product?

Mr. BOWERS. On the finished product. The granite workers of this country get a minimum wage of \$1 an hour, against 45 cents in 1914, and they are now asking 5 days a week of 37½ hours with 40 hours' pay, and we are unable to bring in foreign granite any cheaper than that now. The result is that in 1914 we bought at wholesale markers like sketch [exhibiting sketch to the committee] at \$4, and they are now listed at \$20.40, which is about five times the price over 1914, and the increase does not warrant this advance in the cost of labor.

I claim the duty should be kept where it is now, otherwise the consumer will have to pay a higher price, and monuments are already too high. Do not get monumental memorials so high that the poor people can not afford even a marker.

Senator DILLINGHAM. We went into that subject rather extensively last week, when Mr. Jones discussed colored granites. The most of the granites brought in from abroad are red granites?

Mr. BOWERS. Almost exclusively. They come from Norway and Sweden and are brought to Aberdeen, Scotland, and cut there and imported into this country. Our native granites are largely made up of gray granites, so that if people want colored granite—

Senator DILLINGHAM (interposing). Red is the chief color of colored granite?

Mr. BOWERS. Yes; they can get Minnesota and Wisconsin granites.

Senator DILLINGHAM. To what extent have you imported during the last year?

Mr. BOWERS. About \$1,200 or \$1,500—practically nothing—as against possibly \$40,000 or \$50,000 during normal times.

Senator DILLINGHAM. Is there anything else you would like to state?

Mr. BOWERS. I believe not.

SCHEDULE 3.—METALS AND MANUFACTURES OF.

FERROSILICON AND FERROCHROME.

[Paragraph 302.]

STATEMENT OF EDWARD F. COLLADAY, REPRESENTING UNITED STATES FERRO-ALLOYS CORPORATION, NEW YORK CITY.

The proposed metal Schedule No. 3 contained in paragraph No. 302 of tariff bill H. R. 7452 as reported by the House of Representatives, in so far as they relate to duties on ferrosilicon and ferrochrome, should not be changed for the following absolutely compelling reasons:

1. In case of war, ferrosilicon and ferrochrome are absolutely necessary in the manufacture of war materials, such as shells, shrapnel, tanks, steel helmets, armor plate, etc., and this country should not be compelled to depend upon foreign sources of supply. Without ferrochrome no modern war can be successfully waged.

2. The cost of the small quantity of alloys used in each ton of finished steel is so small that the added cost per ton of finished steel is negligible, and if the duty proposed is withheld American plants will be compelled to abandon operations, and this country will be at the mercy of foreign producers.

3. Practically all plants engaged in this industry are now shut down, and they will be bankrupt very shortly if the Government does not afford protection by a tariff against the dumping of foreign goods.

4. All that is asked for is a tariff differential between the cost of production here and abroad.

5. Bulletin 77 prepared by the Government Bureau of Mines states that it costs 31.07 per cent more to manufacture ferrosilicon in the United States than in the various countries that were visited by three emissaries from this Government who were sent abroad to make a study of this industry.

6. In the manufacture of ferrosilicon and ferrochrome the main essentials are cheap power and low-priced labor. In Norway, Sweden, France, and Germany water-power costs are from one-fifth to one-half of the amounts paid by American producers.

7. A specific duty is necessary to preclude the ad valorem juggling through washed sales at one-half price at the point of foreign manufacture, and which in polite language is called "undervaluation."

8. Attention is respectfully referred to Part II, Tariff Information, 1921: Page 719, Mr. P. J. Kruesi, representing Southern Ferro Alloys Corporation, Chattanooga, Tenn.; page 724, Mr. A. C. Morrison, representing Electro-Metallurgical Co., New York; page 733, Mr. N. Petinot, representing United States Ferro Alloys Corporation, Niagara Falls, N. Y.

9. Canada consumes normally 3,000 to 4,000 tons of ferrosilicon, but the plant just over the American border at Welland has a production capacity of 30,000 to 40,000 tons annually, and this material is being dumped into this country, as the custom-house entries indicate, with result that our domestic ferrosilicon is no longer being sold.

10. The French Government, to protect their country against having products dumped into France by other European countries, have substantially increased their tariff on ferroalloys by a decree dated June 29, 1921.

11. Steel manufacturers asking for duty on their products can not consistently object to the very moderate tariff which the House Ways and Means Committee have recommended for ferrosilicon and ferrochrome, and which is necessary to protect our domestic industry.

Ferrosilicon.—The present manufacturing cost of steel will be increased only 10 cents to 12 cents per ton, because of the very small quantity used in making each ton of steel.

Ferrosilicon is used in only 20 per cent of the commercial steel manufactured in this country in times of "peace," but in war times it is necessary in 100 per cent or all of the steel made.

Ferrochrome.—The proposed duty of 3½ cents per pound on the chromium content is most equitable. It increases the cost of steel but 60 cents per ton, while chrome steel sells from \$80 minimum to in some cases as high as \$1,000 per ton.

Ferrochrome is used in only 5 per cent of the steel manufactured in times of "peace," but in war times it is used in 100 per cent, or all of the steel made.

Shell steel requires the use of ferrosilicon in its manufacture.

United States Tariff Commission's Tariff Information Surveys—Ferro Alloy Industries, 1921, page 11: "Hydroelectric power is cheaper in some countries than in the United States. * * * While manufacturers at Niagara Falls, N. Y., pay \$20 per horsepower year, in Canada they pay from 25 to 40 per cent less. In Norway the price of power has been even lower than in Canada."

Idem, page 12:

"Another fact having a tariff bearing is the large production of ferrosilicon in countries having a small consumption. In such cases, where an ad valorem rate is imposed, it may be good business policy for manufacturers to sell the small amount consumed at home at comparatively low prices in order to establish a low basis for exports on which to compute the ad valorem rate."

Idem, pages 12 and 13:

"Ferrochrome is used extensively in the manufacture of steel for armor plate, armor-piercing projectiles, wire, bullet-proof steel, tool steel, and the like, where hardness and toughness are desirable qualities. It is employed only as an alloy.

"France, Norway, Germany, and Switzerland are important producers of ferrochrome."

Idem, page 13:

"In the manufacture of ferrochrome the cost of chromite, the price of electric power, and labor cost constitute about 70 per cent of the total expense of manufacture. * * * The price of electric power and labor cost are greater in this country than in Norway and France, from which most of the imported ferrochrome comes. There is also evidence that the Norwegian and French manufacturers get their chromite at lower prices than the American producers."

Idem, page 14:

"Foreign manufacturers are actively at work endeavoring to induce American manufacturers to abandon their plants in this country and import ferro-alloys to supply their trade or even to take over plants and power concessions abroad and operate them in lieu of their shut-down American plants." Following copies of letters received by the United States Ferro-Alloys Corporation show these conditions conclusively and show further the extremely low prices at which these ferro-alloys can be produced abroad as compared with the cost of production in the United States. The following letter from Antwerp, Belgium, contains an actual offer of ferrosilicon 10/12 per cent, francs 400, about \$28; ferrosilicon 45/50 per cent, francs 650, about \$45.50.

In Tariff Information Surveys, published by the United States Tariff Commission, 1921, page 12, the prices during the first six months of 1920 on ferrosilicon are stated as follows: 12 per cent ferrosilicon, average \$57.91 per ton; 50 per cent ferrosilicon, average \$87.34 per ton. The 12 per cent grade from Norway is less than half and the 50 per cent slightly more than half the American prices.

The portions omitted from the following letter relate to a subject not material here:

ANTWERP, *September 22, 1921.*

UNITED STATES FERRO-ALLOYS CORPORATION,
New York City.

DEAR SIR: We beg to tell you that we are large dealers in pig iron and ferro-alloys.

* * * * *

We insist for full particulars, as full informations will certainly work out in our mutual advantage.

Besides this we kindly ask you to note that we are exporting large quantities of ferrosilicon, ferromanganese, and continental pig iron.

We quote best possible prices for ferrosilicon 10/12 per cent, 45/50 per cent, and 65/70 per cent.

* * * * *

At your guidance we quote to-day subject unsold and fluctuations: Ferrosilicon, 10/12 per cent, frs. 400, \$28 and duty; ferrosilicon, 45/50 per cent, frs. 650, \$45.50, \$6.82, freight \$5—\$56.82, * * * per gross ton f. o. b. Antwerp, payment against documents, prompt shipment.

We sincerely hope to be favored with your esteemed reply and remain, dear sirs,

Yours, truly,

GRUTERING & Co.

The finding of the United States Tariff Commission hereinbefore quoted from Tariff Information Surveys, 1921, page 14, of the greater cost of electric power in this country than in Norway is demonstrated by the offer in the following letter of Arendel's electric smelting plant in Norway, made to the United States Ferro-Alloys Corporation, New York City. The following analysis shows the Norwegian power at the present time to cost less than one-third of the cost of power at Niagara Falls, N. Y., and that with exchange on a normal basis the cost of the Norway power will be one-half the cost of the power at Niagara Falls on the American side.

ANALYSIS OF THE ANNEXED PROPOSITION OF THE ARENDALS SMELTEVARK (NORWAY)
WITH REFERENCE TO THE PRICE OF HYDROELECTRIC POWER.

This plant has been manufacturing ferrosilicium, carborundum, and korundum (fused bauxite).

They have a 60-year concession from April 1, 1913, for 6,000 horsepower; also from 1924 until 1943 can obtain an additional 7,000 horsepower.

The price is as follows: Three thousand horsepower at kr. 38.50, \$10.20 at normal (\$7.31 present) exchange; 2,000 horsepower at kr. 35, \$9.27 at normal (\$6.65 present) exchange.

The normal exchange is 26.5 kronen for one American dollar, and the present exchange is approximately 19 kronen for \$1.

Three thousand horsepower in Norway can be obtained to-day at less than the cost of 1,000 horsepower at Niagara Falls, N. Y.

With exchange on normal basis, power in Norway would be 100 per cent cheaper than it could be obtained in this country.

A letter offering said plant and the full description of the plant inclosed therewith are set out in full, coming from Norway through Montreal.

JENSSEN ENGINEERING PRODUCTS (LTD.),
Montreal, December 9, 1921.

UNITED STATES FERRO-ALLOYS CORPORATION,
New York City.

GENTLEMEN: One of our concerns in Norway has informed us that Arendals Electric Smelting Power Plant is for sale and probably can be obtained for a very reasonable price. The inclosed report shows what information we have received about this proposition up to date. We have written our friend in Norway to obtain further detailed information, and will be glad to communicate with you again if you are interested in this proposal. We understand that the factory has been operated very successfully, and only by the general slump in business this year has been getting into difficulties, and, therefore, would like to get in touch with some concern that will be able to take it over and carry it on successfully. You will notice that the prices which this country is paying for electric power, and for which they have contracts into the distant future, are so low that there should be no doubt at all that under ordinary circumstances the business could be carried on very profitably indeed.

Trusting to hear from you, we remain,

Yours, very truly,

L. N. JENSSEN.

This company has concession on 6,000 horsepower for 60 years from April, 1913.

It disposes now of 5,000 horsepower, of which 3,000 at kr. 38.50 per horsepower year and 2,000 horsepower at kr. 35 per year.

From April, 1924, to April, 1943, it disposes over 7,000 horsepower, at kr. 38.50, with option on a further 30 years to April, 1973, at kr. 40 per year.

There is still another fall called Flatenfos, calculated to develop 4,000 horsepower, which will be at the disposal of the company. Total installed transformer capacity at present 9,500 kilowat.

The power mentioned above is all leased from A. S. Arundals Fossekorupagin.

The factory manufactures the artificial grinding materials "Lika" and "Durabit," which are its trade-marks for carborundum and artificial korund. It also manufactures ferrosilicium, and for this have installed a continuous electrode, which has proved of great economy for the manufacture.

The present capacity per year is: One thousand eight hundred tons Slika, 3,000 tons Durabit, 4,200 tons 45 per cent ferrosilicium.

There are separate furnace buildings for each brand, which facilitates the changes from one production to another according to the demands of the market.

The assets of the company are as follows: Buildings for factory, \$336,000; machinery, furnaces, etc., \$360,000; town, \$118,000; land, \$108,000; stock of raw material, \$320,000; stock of ready products, \$400,000; total assets, \$1,642,000.

The power prices are very low, and the value of the power contracts should be at least \$500,000.

The sales during the years 1915-1920 were as follows: 1915, \$300,000; 1916, \$950,000; 1917, \$720,000; 1918, \$750,000; 1919, \$150,000 (five months stop); 1920, \$900,000.

The manufacture of "durubit" was stopped during the war on account of lack of raw material.

The factory has got excellent wharf arrangements and is connected with the wharf by means of an aerial tramway. The harbor is open the year round.

The entire affair can be gotten for about \$1,000,000 United States funds, and suitable terms can, no doubt, be arranged for solid buyer.

We have written for additional information, and shall be pleased to communicate with you again if you are interested. Please let us know.

We earnestly urge upon your honorable committee that the provisions of Schedule 3, paragraph 302, for tariff upon ferrosilicon and ferrochrome should stand as they appear in the House bill 7456.

BAR IRON.

[Paragraph 303.]

STATEMENT OF JAMES FRANCIS BURKE, PITTSBURGH, PA., REPRESENTING THE BAR-IRON INDUSTRY OF AMERICA.

"The burdens of Congress are already too great. Don't add to them."

Acting on the above theory, the representatives of capital and labor engaged in the bar-iron industry of America sought to relieve the Ways and Means Committee of the House and the Committee on Finance of the Senate of the necessity of granting them a hearing and refrained until now from presenting what they hoped would be manifest without argument.

But an error, so dangerous as to imperil the entire industry in the United States, having crept into the pending tariff bill, we invoke for a moment the attention of the Finance Committee and the conferees in order that a grave injustice may be averted and a glaring inconsistency avoided in the two schedules covering iron and steel bars, respectively.

The reasons for the correction will be manifest at a glance, and as the error may be corrected simply by the duplication in one paragraph of the figures now appearing in the other, we trust the Congress will rectify the wrong without hesitation.

Steel bars and iron bars are made from approximately the same constituent elements, but the manner of their manufacture and their ultimate uses are as distinct as kerosene and electric current.

On the other hand, while they are both subject to the same general character of foreign competition, the bar-iron industry is far more in need of protection than the steel-bar industry, for the reason that the steel bar is produced by a mechanical method in which improved processes and appliances play a dominant part, while the production of bar iron, despite continuous and expensive experiments, is dependent upon the puddling process, in which manual labor is the major factor.

For this reason alone we trust the Congress will appreciate the danger and the injustice of permitting the present provisions of paragraphs 303 and 304 to go uncorrected, inasmuch as they will afford virtually no protection to the industry that needs it most.

There may be those who deny the wisdom of protecting American capital and labor alike when combined in the conduct of the common enterprise, but fewer people each year deny the wisdom and necessity of protecting our labor against unfair competition with the conditions in other countries.

No doubt because the representatives of the steel-bar industry brought their case, and their case alone, to the attention of the Ways and Means Committee, the latter reported and the House adopted the following schedule of tariffs on steel bars:

Schedule of tariffs on steel bars adopted by House.

Valued above—	Valued not above—	Duty per pound.	Valued above—	Valued not above—	Duty per pound.
<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
.....	1	0.2	12	16	2.5
1	1.5	.3	16	20	3.5
1.5	2.5	.5	20	24	4
2.5	3.5	.8	24	32	5
3.5	5	1	32	40	6
5	8	1.5	40	.....	20 per cent ad valorem.
8	12	2			

In striking contrast with the above, the section covering bar iron is made to read as follows:

"PAR. 303. Bar iron, one-fourth cent: *Provided*, That iron bars, in the manufacture of which charcoal is used as fuel, shall be subject to a duty of three-tenths cent per pound."

For some reason unknown to your petitioners, and certainly wholly inconsistent with the needs of the industry, the Fordney bill, following the example of the Underwood bill of 1913, not only failed to grant iron bars equal protection but actually lowered the import duty.

The futility of this low rate, as a protective measure, and the injustice of it compared with the steel-bar tariff rate, will be apparent from a brief glance at the history and process of manufacturing bar iron on the one hand and steel bars on the other.

HISTORY OF THE INDUSTRY.

While the development of the steel process reads like a romance, the story of bar iron is almost as commonplace as the article itself.

Beginning with the charcoal furnace—the small forge, the puddling furnace, and the accompanying rolling mill tell the story of the evolution in the art of making bar iron.

The original single furnace worked by two men was supplanted by two furnaces being set back to back, with the result that the double furnace, worked by four men, produced a somewhat larger relative output.

Beyond this limited improvement, however, covering nearly three-fourths of a century, in spite of vast expenditures of time and money, no experiment has resulted in materially increasing the output of each furnace, for the simple and unsurmountable reason that the limit has always been measured by the human endurance of the puddlerhimself.

The striking contrast between the bar-iron producing furnace and the modern open-hearth steel-bar producer in which the most up-to-date mechanical appliances and not the man's power of physical endurance controls, is found in the fact that while one produces approximately 1,220 pounds of bar iron the other produces units of from 10 to 75 tons of steel bars.

The curious may ask, "Why make iron bar at all against such adverse conditions and at such relatively higher cost when an interchangeable article may be produced so much cheaper?"

The answer is this: Experience has shown that, with all steel's inherent virtues, iron is still far superior to steel for many important purposes.

Wherever great and sudden strain is to be applied, where the element of human safety is involved, such as in the use of chain cables for great vessels, of stay bolts, of engine bolts, of mine couplings, car couplings and other railroad equipment, and pipe for all construction work in which freedom from corrosion and longer life are the vital essentials, the old-fashioned bar iron, the product of the puddler, has a place that is all its own, and one that is far too important to justify the Congress in ignoring the necessity of according real protection to the thousands of American men and the millions of American dollars engaged in its production.

Among the mills producing and rolling high-grade iron in this country are the following: Aetna Nut Co., Southington, Conn.; American Horse Shoe Co., Philipsburg, N. J.; Brown & Co. (Inc.), Pittsburgh, Pa.; Burden Iron Co., Troy, N. Y.; Ewald Iron Co., Louisville, Ky.; Glasgow Iron Co., Harrison Building, Philadelphia, Pa.; Hughes & Patterson, Philadelphia, Pa.; Old Dominion Iron & Steel Corporation, Richmond, Va.; Monongahela Iron & Steel Co., Pittsburgh, Pa.; Penn Iron & Steel Corporation, Creighton, Pa.; Pittsburgh Forge & Iron Co., Pittsburgh, Pa.; Interstate Iron & Steel Co., Chicago, Ill.; Reading Iron Co., Reading, Pa.; Rome Iron Mills, New York City; American Car & Foundry Co., St. Louis, Mo.; Champion Horse Shoe Co., Pawtucket, R. I.; Cincinnati Horse Shoe Co., Cleveland, Ohio; Davis Bros. Rolling Mill, Philadelphia, Pa.; East End Puddle Mill, Milton, Pa.; Milton Manufacturing Co., Milton, Pa.; National Rolling Mill Co., Vincennes, Ind.; E. T. Edwards, Columbia, Pa.; Falls Hollow Staybolt Co., Cuyahoga Falls, Ohio; Jansen Iron & Steel Co., Columbia, Pa.; Kansas City Bolt & Nut Co., Kansas City, Mo.; Sellers Manufacturing Co., Chicago, Ill.; St. Louis Screw Co., St. Louis, Mo.; Texas Rolling Mill Co., Fort Worth, Tex.; Ulster Iron Works, Dover, N. J.; Bethlehem Steel Co., Bethlehem, Pa.; Fort Wayne Rolling Mill Co., Fort Wayne, Ind.; A. M. Byers Co., Pittsburgh, Pa.; Hoopes & Townsend Co., Philadelphia, Pa.; Knoxville Iron Co., Knoxville, Tenn.; Lockhart Iron & Steel Co., Pittsburgh, Pa.; Logan Iron & Steel Co., Philadelphia, Pa.; Union Rolling Mill Co., Cleveland, Ohio; Scranton Bolt & Nut Co., Scranton, Pa.; Falls Hollow Staybolt Co., Cuyahoga Falls, Ohio; Ohio Falls Iron Co., New Albany, Ind.; Highland Iron & Steel Co., Terre Haute, Ind.

These use the following volume of raw materials and produce results in the wrought-iron industry alone: Pig iron, 700,000 tons per annum; wrought-iron scrap, 200,000 gross tons per annum; fuel consumption (1920), 2,000,000 gross tons per annum; number of employees, 35,000 men; volume of production (1920), 800,000 gross tons; value of product, \$45,000,000.

American competition is found not only in the Yorkshire and Staffordshire districts of England, but Scandinavia is to-day a most formidable competitor, while Belgium and Germany are on the way to meet and undersell the American producers as soon as their financial affairs are adjusted.

The inconsistency of imposing a duty of 1½ cents per pound on a steel bar worth 5 cents and at the same time permitting the foreign maker of a high-grade iron bar of the same value to ship his product into the United States by paying duty of one-fourth of 1 cent seems too apparent to require much argument.

The injustice to American labor is further emphasized when it is recalled that while the steel bar is largely a mechanical product the conversion of pig iron into bar iron represents a labor cost alone of \$24 per ton.

DIFFERENCE IN COST.

Many things contribute to this result: In the United States all iron-mill employees are males, with minimum age limits in many States. Again, while all employees are not members of labor unions, their hours of labor, working conditions, wages, etc., are fixed by the unions.

As a consequence, without sufficient protection against imports from abroad it will be impossible to insure anything like steady employment in our American mills.

The propriety of imposing an adequate duty from the standpoint of American interests generally is further emphasized by the fact that all the materials involved in the manufacture of American bar iron are produced in this country, such as iron ore, pig iron, limestone, fire brick for furnaces, mill supplies, fuel, etc., the cost of all of which is greater than European costs. And to all these items must be added the burden of American transportation rates and the long hauls involved as compared with the lower rates and shorter hauls of Europe.

That European production is not made merely for home consumption is illustrated by the fact that as far back as 1917 Sweden alone produced 117,000 tons of wrought iron, most of which the Swedish Chamber of Commerce published was for export.

FORDNEY BILL REDUCES TARIFF.

Approaching the subject from another standpoint, the proposed rate must attract attention.

The Fordney bill, an avowed protective measure, actually reduces the tariff on bar iron below the rates provided in the Underwood bill, which approached free trade as nearly as its sponsors dared to do in keeping with their own policy.

The Underwood tariff on bar iron is 5 per cent ad valorem.

The Fordney bill rate is one-fourth cent per pound. Automatically this provides a duty of 25 per cent on bars worth 1 cent per pound and only 5 per cent on bars having a value of 5 cents per pound, while the higher-priced iron would have even less protection than the Underwood bill. In fact, the flat tariff rate on bar iron, irrespective of values, is not only unfair to the American producer, but fails completely as a protective measure.

Contrasting the above figures with the new rates applied on all steel by whatever process made, in which the minimum duty is 20 per cent, and on some prices rising as high as 30 per cent, the contrast in the tariff and the injustice to the iron industry must be manifest.

In support of this contention we believe it only necessary to point to the present duties imposed by Canada on stay bolt and engine bolt iron bars, which is as follows: On bars imported from England $7\frac{1}{2}$ per cent ad valorem and 4 per cent excise tax; on bars imported from the United States $12\frac{1}{2}$ per cent ad valorem and 4 per cent excise tax.

ADMINISTRATIVE DANGERS.

Finally, we direct attention to the fact that, wholly aside from the matter of protection to the industry, the administrative difficulties of the bill will be seriously multiplied if the present difference in schedules between steel and iron becomes permanent law.

Widespread advertisements are now current of ingot iron in the United States, which term is one commonly used by foreign producers, and as they could very easily ship "ingot iron," which is really steel, into this country under the term to which they themselves are accustomed, it would require additional care and methods of scrutiny that would seriously multiply the difficulties of the customs officers, and, probably, in many cases work hardship to the Government in the failure to impose and collect the duties prescribed for steel bars.

The efforts of the Congress to render as simple and effective as possible the administrative features of the present tariff bill is commendable, and it is for the purpose of aiding in this that we direct attention to this feature.

It would require a laboratory test to detect the difference between iron and steel bars on the docks of this country.

The simple, effective, and just remedy is the imposition of like tariffs on bars of like value.

Committee, Eastern Bar Iron Manufacturers: Frank E. Richardson, Frank G. Kennedy, jr., John Mulligan, Robert Forrest, James Neale, Felton Bent, L. E. Thomas, C. F. Neiman.

Western Bar Iron Association: James H. Nutt, Secretary.

ELECTRIC STORAGE BATTERIES.

[Paragraph 320.]

BRIEF OF MANUFACTURERS OF ELECTRIC STORAGE BATTERIES.

1. Under Title I, Schedule 3—Metals and manufactures of, paragraph 320, page 60, lines 19 to 22, inclusive, in the tariff bill (H. R. 7456) introduced at the first session of the 67th Congress, June 29, 1921, appears the following paragraph:

"Electric storage batteries and parts thereof, storage battery plates and storage battery plate material, wholly or partly manufactured, all the foregoing not specially provided for, 30 per centum ad valorem."

2. It is respectfully represented that a tariff of 30 per cent is not sufficient to equalize the cost of foreign manufacture of storage batteries with domestic manufacture.

3. Electric storage batteries have been nonenumerated articles under previous tariff laws. They were dutiable under paragraph 193 of the tariff act of 1897 as "articles or wares" composed of lead, at 45 per cent ad valorem, were dutiable at the

same rate under paragraph 199, Schedule C, of the tariff act of 1909 and under a similar paragraph at 20 per cent ad valorem under paragraph 167, Schedule C of the act of 1913.

4. Pig lead constituting the major element of material cost in electric storage batteries is protected by a tariff of nearly 50 per cent, and a tariff of 30 per cent on electric storage batteries is, therefore, inadequate to properly equalize the cost of foreign and domestic manufacture. It is respectfully represented the tariff on this commodity should be 40 per cent to be appropriately compensatory.

5. Lead and lead oxide constitute over 98 per cent of a storage battery plate. Pig lead for the 14 consecutive years prior to the World War averaged 3.17 cents per pound in Europe, while for the same period the United States price averaged 4.54 cents per pound, or 43 per cent higher in the United States than in Europe. Lead oxide, having a greater labor content, runs at least 48 per cent higher in the United States than in Europe.

6. The new tariff bill in the same schedule as that covering electric storage batteries provides a duty on lead (par. 389) of 2½ cents per pound and in paragraph 388 of 1½ cents per pound on the lead content of lead-bearing ores. Lead in the form of massive bus bars, heavy Plante grid equivalent in weight to a pig of lead, and of other electric storage battery parts may thus be imported at 30 per cent ad valorem and for lower duty costs than provided for pig lead.

7. The labor content averages 25 per cent of the cost of manufacture of storage batteries. In the manufacture of auto-starting battery plates the labor content is as high as 40 per cent. The auto-starting battery business totals approximately two-thirds the entire storage battery business (\$101,000,000).

8. Assuming only 25 per cent labor content, the application of 30 per cent duty would be as follows:

	United States.	Germany.	Japan.
Material.....	\$750	¹ \$525	¹ \$562
Labor.....	250	² 100	⁴ 50
Total.....	1,000	625	612
30 per cent merchandising.....	300	188	184
Total.....	1,300	813	796
30 per cent United States valuation.....	.....	390	390
Total.....	.....	1,203	1,186

¹ 70 per cent of United States.

² 75 per cent of United States.

³ 40 per cent of United States.

⁴ 20 per cent of United States.

The above calculations for Germany and Japan are based on prewar prices and wages. German labor costs at present are less than one-half the labor costs shown above.

9. At a duty of 40 per cent on the United States valuation columns 2 and 3 become, respectively, \$1,333 and \$1,316.

10. The number of employees engaged in the United States in the manufacture of storage batteries and parts and material for same is estimated at 37,500 (1920).

11. The total yearly business of the storage battery industry is estimated at \$151,000,000 (1920).

12. In the early part of 1914, just prior to the World War, the Gotfried Hagen Co., of Kalk, Germany, exported about 100,000 plates to the United States, and were undoubtedly only stopped from exporting many times that number by the World War. Shortly after Director Dr. Sieg, head of the Gotfried Hagen Co., came to the United States to personally push and extend their battery exports to the United States, but owing to the war returned at once to Germany.

13. The Japanese have their own freight steamers with low freight rates as compared to rail rates for east of Mississippi to Pacific coast. California, with its 568,892 cars, is the fourth largest user of motor cars in the United States, with consequent large demand for starting storage batteries. Washington and Oregon, with their 277,710 cars, are also large users of batteries that can be made in Japan.

14. Beginning with the year 1912 the adoption of electric storage batteries for the electric starting and lighting of gasoline-driven automobiles, has been greatly extended. It is now estimated starting and lighting batteries were supplied for motor cars in 1920 to a value of over \$100,000,000. Complete storage batteries of the type used for the electric starting of gasoline automobiles are now being made in Japan. Plates also for the manufacture of these batteries can readily be shipped either from Japan or Germany.

15. Adequate protection for electric storage battery industry in the United States is desirable from a military standpoint. All of the submarine vessels of the United States Navy are propelled under water by electric storage batteries produced in the United States, and electric storage batteries were used extensively by the United States Army and Navy in the late war in numerous applications and uses of electric power that could not have been otherwise accomplished.

16. It is, therefore, respectfully requested that paragraph 320 above mentioned, be modified to provide for a tariff of not less than 40 per cent ad valorem.

Signed by: U. S. Light & Heat Corporation, R. H. VanNest, vice president, Niagara Falls, N. Y.; Electric Storage Battery Co., Herbert Lloyd, president, Philadelphia, Pa.; Willard Storage Battery Co., R. C. Nosberg, vice president, Cleveland, Ohio; Vesta Battery Corporation, Ward S. Perry, president, Chicago, Ill.; Westinghouse Union Battery Co., T. R. Cook, vice president, Pittsburg, Pa.; Edison Storage Battery Co., Frank D. Fagan, vice president, Orange, N. J.; Philadelphia Storage Battery Co., Edmund Davis, president, Philadelphia, Pa.; Gould Storage Battery Co., Wm. S. Gould, vice president, New York, N. Y.; Prest-O-Lite Co. (Inc.), S. P. Delano, vice president, New York, N. Y.

ALUMINUM WARE.

[Paragraph 339.]

STATEMENT OF F. W. RAMSEY, CLEVELAND, OHIO, REPRESENTING TARIFF COMMITTEE OF ALUMINUM WARE MANUFACTURERS.

Mr. RAMSEY. I represent the group that Mr. Vits and Mr. Harrison, manufacturers of aluminum ware, are in.

Senator McCUMBER. You speak for that group?

Mr. RAMSEY. Yes, sir; and the Cleveland Metal Products Co., of Cleveland.

I am here, gentlemen, on behalf of the Tariff Committee of Aluminum Ware Manufacturers, to add a statement to the statements previously filed in support of a higher rate of duty than that indicated in the House bill. The tariff committee of aluminum-ware manufacturers has submitted to the Finance Committee of the Senate a brief and supplement thereto supporting an appeal for an ad valorem duty of 45 per cent plus 15 cents per pound specific as applied to aluminum ware, based on the American valuation.

In the hearing granted this committee on August 23 last, one of the members of this Finance Committee called our attention to the fact that 45 per cent ad valorem duty based on foreign valuation had afforded the industry sufficient protection before the war, and suggested that 45 per cent ad valorem based on American valuation for the new program should be sufficient. Acting upon this suggestion the committee has been endeavoring through further study and investigation to justify the withdrawal of its appeal for 15 cents per pound specific in addition to the 45 per cent ad valorem, and this further study has brought us to the conclusion that the industry can, with careful management, taking advantage of all possible improvements in manufacturing processes, and of reducing labor and material costs, get along with 45 per cent ad valorem without any additional specific.

Senator JONES. May I ask how much ad valorem would be 15 per cent specific?

Mr. RAMSEY. Substantially 10 per cent ad valorem. So if that had been granted it would have been equivalent to a total of 55 per cent ad valorem.

Senator SMOOT. On American valuation?

Mr. RAMSEY. Yes. The investigation of our aluminum-ware tariff committee, as just concluded, makes perfectly certain that the minimum requirement of this industry is 45 per cent ad valorem, based on American valuation.

Our figures, based on actual instances of consignments of foreign aluminum received and sold in the United States during the past year and bona fide quotations recently made by German exporters, evidence the need of protection in amount ranging from 37 per cent ad valorem in the lowest instance to 82 per cent ad valorem in the highest, American valuation. We are convinced that the average need is in the neighborhood of 50 per cent. We will submit exhibits which support this contention.

If the basis is to be foreign valuation, these same examples show a requirement in ad valorem duty based on foreign valuation ranging from 73 per cent in the lowest instance to 667 per cent in the highest, which proves conclusively the necessity in this industry of American valuation for ad valorem duties. It would seem practically impossible to arrive at a fixed ad valorem rate based on foreign valuations on account of the enormous variations.

These tremendous discrepancies are due, of course, to the fact that the examples shown in our exhibits were compiled over a period of the last few months during which fluctuations in the value of the German mark have been most erratic.

We have considered the propriety of our attempting to state what ad valorem duty we would need if foreign valuation is to come, but find it is impossible to do so because a statement made to-day on the present value of the mark would be worthless to-morrow.

We shall be glad to give the Finance Committee our best estimate of what the rate ought to be, based on foreign valuation, if the committee will suggest under what conditions and under what plan the foreign valuation scheme will be made operative.

In requesting 45 per cent ad valorem on American valuation we are simply asking for the restoration of the rate of duty which obtained from 1883 to 1913. Under the act of 1913 the rate of duty was reduced to 25 per cent on cooking utensils and hollow ware and 20 per cent on other articles composed of aluminum. This resulted, in the one year that elapsed before the war interrupted imports, in the doubling of the volume imported. If the war had not interrupted importation the low rate of tariff would, in the judgment of the aluminum ware committee, have resulted in the annihilation of the aluminum ware industry in the United States.

And I may say that our aluminum-ware market is the United States; we have no market except our own home—domestic markets. The exportations of this line of ware, prewar and since the war, are practically nil.

We believe that anything less than 45 per cent ad valorem on American valuation as the future program will result in the rapid retrogression of this important American industry.

It has been claimed by opponents of the tariff on this commodity that the entire aluminum-ware industry of the country is under the control of the Aluminum Co. of America. This claim is without foundation. There are 34 aluminum-ware concerns supporting

this appeal, only two of which are in any manner affiliated with the Aluminum Co. of America. These two are Aluminum Cooking Utensil Co., which is owned by the Aluminum Co. of America, and the Aluminum Goods Manufacturing Co., in which the Aluminum Co. of America have a minority stock interest; the remaining 32 concerns are entirely independent of the Aluminum Co. of America and of each other and represent the majority of the production of this commodity in the United States.

The ability of the European manufacturer to achieve a lower cost in labor and raw material as applied to commodities made of sheet metal is notorious and applies with peculiar force to the aluminum-ware business, with respect to which the German manufacturer in particular is potentially able to greatly undersell the American producer in the American market.

We reiterate that anything less than 45 per cent ad valorem on American valuation will bring disaster upon this industry.

There has come to us—to my concern in particular—the Cleveland Metal Products Co., of Cleveland, Ohio, who manufacture a high grade of aluminum ware, in the last three days bona fide quotations from German exporters of aluminum ware which show the necessity for at least 60 per cent ad valorem on American valuation, and I have here two samples that I just want in a second to show you, that indicate how potential this competition is and how certain it is to annihilate this industry in the United States if adequate protection is not given. [Exhibiting two aluminum coffee pots to the committee.] Here are two vessels [indicating] which are exactly the same, as to gauge of metal, varying just slightly as to shape. They are identical as to capacity. The one I am showing you here [illustrating] is of German make. This [indicating] is our utensil, which competes in this market with this German article. The only differences that can be noted are slight differences in the size of the wooden trimmings, which, perhaps, constitute a cent's difference on the article. This article, laid down outside the port of New York; that is, ex-duty, all other charges paid, is quoted by cable confirmation on the 7th of January at 61 cents. This [indicating] article, made in Cleveland, Ohio, sells at the lowest jobbing price, inclusive of not more than 15 per cent profit, to the manufacturer at \$2 in the city of New York to the largest department-store trade in quantity lots, carloads.

The spread of 60 cents and \$2 represent the difference of \$1.40, which would require 70 per cent ad valorem duty on the American valuation to make these articles equal in competition in the port of New York.

That is an example that we can repeat many, many times.

The instance that I quoted, indicating a need of 82 per cent ad valorem on American valuation, and which figure runs to 667 per cent ad valorem, based on foreign valuation, is taken from the report of the Tariff Commission just published, on depreciated exchange and international trade. On page 52 of this article I would call your attention to the comparisons made by the Tariff Commission between a consignment of German aluminum ware arriving here in April of 1921 and the equivalent items as produced by American manufacturers, and on the basis of this figuration 82 per cent is indicated.

We believe that your examination of these facts will fully support our claim that 45 per cent ad valorem is the lowest duty this industry can get along with.

Senator JONES. Is there an export duty on the German product?

Mr. RAMSEY. None, except the 15 per cent general export fee being assessed on exports to this country. There is none excepting that under the reparations settlement.

Senator JONES. Does that apply to all commodities?

Mr. RAMSEY. I am not certain.

Senator SMOOT. Do you want the same rate on wire as you do on wares?

Mr. RAMSEY. No, sir; we are not interested in wire. Wire is our raw material. We are interested in it, of course, but it is not our manufacture.

Senator SMOOT. Who did Mr. Zeigler represent?

Mr. RAMSEY. Mr. Zeigler represents this same committee. He is chairman of the committee, but is unable to be present on this occasion.

Senator SMOOT. He was present and testified on the same thing, and he wanted exactly what you want?

Mr. RAMSEY. No; he was asking for 45 per cent plus 15 per cent per pound specific, which latter item we are now relinquishing and asking for 45 ad valorem, based on American valuation, because of these further investigations, Senator Smoot, which we have made.

Senator JONES. Could you not change your request from ad valorem to a specific duty?

Mr. RAMSEY. Yes; 30 per cent ad valorem, which is the identical amount indicated in the bill for vitreous enamel steel utensils, which compete potentially in this country with aluminum ware, and 15 cents a pound specific would cover the same ground.

Senator JONES. Could you not put the whole duty into a specific duty?

Senator McCUMBER. How would you upon different articles? Might not some cost 10 times as much as those and some one-tenth—

Senator JONES (interposing). I was asking him. I think he is capable of answering.

Mr. RAMSEY. Senator, that is the answer. There are great variations with respect to labor cost in different articles. Some articles of great simplicity, with very low labor costs, and others have a very high labor cost.

Senator SMOOT. Is that price of \$2 retail or wholesale?

Mr. RAMSEY. It is the wholesale price in carload lots to the largest department-store buyers in New York on this article as we produce it in Cleveland.

Senator SMOOT. The American coffeepot you have shown us looks like a very much better piece of ware.

Mr. RAMSEY. It is simply the amount of luster; I did not polish the German pot. I think the shape of our pot is better, but the amount of labor on those two utensils is identical; the weight of metal in each is identical. This [indicating German utensils] has a lower luster, due to the fact that we have been handling it four months. I brought these samples out of Germany in May of this year.

Senator Smoot. What does the labor cost on the American product include?

Mr. Ramsey. The labor cost, inclusive of administrative salaries and all that.

Senator Smoot. All the labor costs?

Mr. Ramsey. You mean the productive labor only?

Senator Smoot. Just the labor.

Mr. Ramsey. The productive labor on this pot will be in the neighborhood of 80 cents. The remaining labor charges and salary charges would run it up to about \$1. Therefore, of the selling price, \$1 of it represents labor costs.

Senator Smoot. So you want duty enough to cover all of the labor and all administrative costs with the exception of 10 cents?

Mr. Ramsey. I want duty enough, sir—

Senator Smoot (interposing). That means all the labor costs and the administrative cost with the exception of the 10 cents.

(Mr. Ramsey submitted the following data:)

Comparison of German and American aluminum utensil costs.

	W. Kossovsky purchase (Exhibit A).	Quotation to Manhattan Jobbing Co. (Exhibit B).	Jacob Block (Inc.) purchase (Exhibit C).	Lowenstein & Hecht quotation (Exhibit D).	Tariff Commission comparison (Exhibit E).	Quotation to Butler Bros. (Exhibit F).
Cost at German port.....	\$327.56	\$36.31	\$31.07	\$2.67	-----	\$2.32
Transportation, etc., but no duty.....	43.00	9.08	7.77	.76	-----	.58
Cost f. o. b. New York, excepting duty.....	370.56	45.39	38.84	3.43	4.66	2.90
Cost of American utensils.....	615.00	71.85	94.05	8.59	25.41	6.25
Protection needed.....	244.44	26.46	55.21	5.16	20.75	3.55
Protection needed on American valuation.....	<i>Per cent.</i> 39.7	<i>Per cent.</i> 36.8	<i>Per cent.</i> 58.7	<i>Per cent.</i> 60	<i>Per cent.</i> 81.6	<i>Per cent.</i> 53
Protection needed on foreign valuation....	74.6	72.8	177	193	667	144

EXHIBIT A.

Quotation to W. Kossovsky, New York, by Fletcher Hardware Co. (Ltd.), Birmingham, England, Oct. 26, 1921.

[Order No. 21. S. S. Ipswich.]

	Marks.
F H 476/85—100 sets 14-26 cm. aluminum Berlin pots.....	26,550.00
(K) Less 20 per cent.....	5,310.00
	21,240.00
932 Insurance, 24,000 marks, at 1 per cent.....	240
Insurance, 8,000 marks, at $\frac{1}{2}$ per cent.....	40
	280.00
	21,520.00
Hamburg commission, 2 $\frac{1}{2}$ per cent.....	538.00
	22,058.00

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TARIFF HEARINGS.

22,058 marks, at \$1.35 per hundred marks-----	\$297.78
10 per cent additional for us-----	29.78
Cost at German port-----	327.56
Customhouse entry-----	\$3.50
War tax-----	1.00
Freight-----	38.50
Duty at 25 per cent-----	52.80
	95.80
	423.36

Landed cost per set, \$4.24. E/54. 476, 478, 480, 482, 484, each 20 sets pots;
477, 479, 481, 483, 485, each 20 sets covers.

EXHIBIT B.

Quotation to Manhattan Jobbing Co., New York City.

[Prices f. o. b. New York, duty paid. Based on 200 marks to \$1.]

	Gauge.	German utensils.	American utensils.
Polished outside, lined inside:		<i>Per dozen.</i>	<i>Per dozen.</i>
6-quart preserving kettle.....	18	\$7.25	\$9.30
2-quart double boiler.....	20	7.65	12.00
5-quart teakettle.....	18	10.52	16.20
2-quart coffeepot.....	18	9.00	9.30
1½-quart (6 cup) percolator.....	20	8.00	7.80
1½-quart individual teapot, wire ball.....	20	7.42	12.00
3-quart lipped saucepan.....	18	4.62	5.25
Total.....		54.46	71.85

Cost at German port, \$36.31, figuring 50 per cent covers everything to deliver in New York.

EXHIBIT C.

*Purchase of German aluminum utensils, jobbing prices, by Jacob Block (Inc.),
New York City.*

	German utensils f. o. b. New York.	American utensils f. o. b. New York.
	<i>Per dozen.</i>	<i>Per dozen.</i>
2-quart milk kettle.....	\$2.72	\$6.30
11-inch colander.....	3.72	7.80
2½-quart double boiler.....	7.08	13.50
5½-quart teakettle.....	8.04	14.40
3-quart convex sauce pot.....	3.96	8.10
6-quart convex sauce pot.....	5.64	12.00
2-quart teapot.....	5.88	12.30
3-quart teapot.....	7.32	16.20
1½-quart soup strainer.....	2.25	3.45
Total.....	46.61	94.05

Cost at German port, \$31.07; cost f. o. b. New York, exclusive of duty, \$38.84.

APPENDIX.

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EXHIBIT D.

BERLIN, January 7, 1922.

LOO GASOIL, Cleveland, Ohio:

Teakettle, 90 cents; dairy pans, 23; coffeepot, 42; saucepan, 25; rice boiler, 57; loco factory delivery, three-month small reductions possible; cable.

REFERENZEN.

Lowenstein & Hecht quotation of Jan. 7, 1922, to the Cleveland Metal Products Co. on aluminum cooking utensils.

Utensil.	Cost at German factory.	Cost at German port including packing, commission, and insurance.	Cost f. o. b. New York exclusive of duty.	Department store pay for Aladdin, Jan. 7, 1922.
No. 41P, 5-quart teakettle.....	\$0.90	\$1.015	\$1.30	\$3.16
No. 376, 3-quart dairy pan.....	.23	.26	.334	.87
No. 245P, 2-quart coffeepot.....	.42	.474	.607	2.00
No. 413, 2-quart lip saucepan.....	.25	.282	.361	.73
No. 423A, 2-quart double boiler.....	.57	.643	.824	1.83
Total.....	2.37	2.674	3.420	8.59

EXHIBIT E.

Tariff Commission comparison of cost of German and American aluminum utensils.

	German invoice, exclusive of duty.	Price of American utensils.		German invoice, exclusive of duty.	Price of American utensils.
Teakettles.....	\$0.413	\$3.69	26-centimeter lipped preserving kettles.....	\$0.553	\$1.74
Do.....	.376	3.90	22-centimeter fry pans.....	.228	1.20
Do.....	.405	4.23	18-centimeter stew pans.....	.415	1.17
2-quart coffeepots.....	.599	2.50	12-centimeter teapots.....	.594	2.61
18-centimeter Berlin kettles.....	.365	1.42	Total.....	4.664	25.41
20-centimeter Berlin kettles.....	.433	1.87			
20-centimeter lipped preserving kettles.....	.283	1.08			

EXHIBIT F.

Comparison of cost of German and American standard salt and pepper shakes.

Quotation: 24.20 marks per dozen single f. o. b. New York.

At 5 cents, mark=\$1.21 per dozen single, \$2.90 per gross double; transportation, 58 cents per gross double; cost at German port, \$2.32.

No. 438.

SEPTEMBER 16, 1921.

FRIEND GREENE: We are in receipt of your letter, No. 474, dated the 15th ultimo, and we are sending you by this mail, as sample no value, a sample of the aluminum salt and pepper to compare with T. 3122. The price of this item, which has been submitted by Vottiner & Geisler, Leipsig, is 24.20 marks per dozen, packed as catalogued.

One hundred gross of this item can be delivered within four weeks from date of order, so if you find the above price suitable and the quality up to your present item, kindly cable at once so that we can obtain prompt delivery. This should enable you to sell the item lower than your present price, or at all events, allow you an increased profit.

Yours, truly,

PAUL SCHUTT, Meran.

Comparison of foreign invoice prices with American quotations.

Article and description.	Country.	Unit of quantity.	Foreign invoice prices, April, 1921. ¹		United States price, April, 1921. ²
			Invoice unit price. ³		
			1914	1921	
ALUMINUM WARE.					
Aluminum teaspoons.....	Germany	Gross.....	\$1.495	\$1.356	
Do.....	do.	do.	1.55	1.515	
Dessert spoons.....	do.	do.	2.102	2.550	
Tablespoons.....	do.	do.	3.094	2.699	
Do.....	do.	do.	2.428	2.214	
Basting spoons.....	do.	Dozen.....		.90	
Do.....	do.	do.		.60	
Forks.....	do.	Gross.....	2.327	3.15	
Do.....	do.	do.	3.165	3.60	
Teakettles.....	do.	Each.....	.8309	.413	\$3.369
Do.....	do.	do.	.6549	.376	3.90
Do.....	do.	do.	.7098	.405	4.23
Skimmers.....	do.	do.	.079	.93	
Do.....	do.	do.		.144	
Water kettles:					
20 cm.....	do.	do.	.539	.525	
22 cm.....	do.	do.	.641	.619	
24 cm.....	do.	do.	.722	.693	
Coffee pots:					
1½ quarts.....	do.	do.	.531	.485	
2 quarts.....	do.	do.	.608	.599	2.50
Convex saucepans, with covers, 20 cm.....	do.	do.		.687	
Lipped saucepans, with covers, 20 cm.....	do.	do.	.20		1.53
Berlin saucepans, with covers, 24 cm.....	do.	do.	.551		2.25
Convex saucepans, with covers, 22 cm.....	do.	do.		.859	
Berlin kettles (1914):					
18 cm.....	do.	do.	.343	.365	1.42
20 cm.....	do.	do.	.420	.433	1.87
24 cm.....	do.	do.	.521	.638	
26 cm.....	do.	do.	.637	.792	
Rice boilers:					
14 cm.....	do.	do.	.443	.467	
18 cm.....	do.	do.	.553	.707	
Lipped preserving kettles:					
20 cm.....	do.	do.	.255	.283	1.08
24 cm.....	do.	do.	.355	.456	
26 cm.....	do.	do.	.388	.553	1.74
Frying pans:					
20 cm.....	do.	do.	.227	.199	
22 cm.....	do.	do.	.277	.228	1.20
24 cm.....	do.	do.	.327	.285	
Milk cans:					
1 liter.....	do.	do.	.265	.314	
2 liters.....	do.	do.	.394	.428	
Outside polished, Sunray finish:					
Stew pans, 18 cm.....	do.	do.		.415	1.17
Rice boilers, 18 cm.....	do.	do.		.415	
Milk boilers, 18 cm.....	do.	do.		.412	
Coffee jugs, 16 cm.....	do.	do.		.568	
Frying pans, 20 cm.....	do.	do.		.237	
Ladles, 10 cm.....	do.	do.		.136	
Skimmers, 10 cm.....	do.	do.		.093	
Dinner carriers, 14 cm.....	do.	do.		.449	
Kettles, 22 cm.....	do.	do.		1.009	
Teapots, 12 cm.....	do.	do.		.594	2.61
Tea strainers.....	do.	do.		.034	
Aluminum:					
Sheets—					
275 pounds.....	do.	Pound.....		.28	
100 pounds.....	do.	do.		.26	
Coiled sheets.....	do.	do.		.26	
Soft aluminum sheets, 18 B. & S. gauge:					
590.5 by 295.27, 102 mm.....	do.	do.	.225		
17½ by 22½ inches.....	do.	do.	.227		
Sheets, 1 by 2 meters.....	do.	do.	.291		
Aluminum sheets and plates:					
6 by 2 feet, 18 gauge.....	England	do.		.358	
6 by 2 feet, 20 gauge.....	do.	do.		.358	
6 by 2 feet, 22 gauge.....	do.	do.		.275	
12 by 3 feet, 16 gauge.....	do.	do.		.343	
12 by 4 feet, 16 gauge.....	do.	do.		.343	

¹ Tabulated from United States customs records.² Converted at rate of exchange given on invoice.³ Wholesale prices quoted by an American manufacturer.

UMBRELLA FRAMES.

[Paragraph 342.]

STATEMENT OF GEORGE K. GARRETT, REPRESENTING THE NATIONAL UMBRELLA FRAME CO., PHILADELPHIA AND NEW YORK.

We urgently request on behalf of ourselves and all other manufacturers of umbrella and parasol ribs and stretchers and frames and umbrella tubes in the United States that the following paragraph embodying a compound duty on this merchandise be substituted for paragraph 342 of Schedule 3 of H. R. 7456:

"PAR. 342. Umbrella and parasol ribs and stretchers composed in chief value of metal 50 cents per hundred ribs and stretchers and 35 per centum ad valorem; umbrellas and parasol frames, or skeleton frames, 70 cents per hundred ribs and stretchers and 35 per centum ad valorem; if with handles and sticks, such handles and sticks shall be dutiable as if imported separately; on tubes for umbrellas, composed in chief value of metal, wholly or partly finished, \$3 per hundred and 20 per centum ad valorem."

Our reason for requesting these changes is that the proposed duty of 35 per cent, even under American valuation, will be wholly inadequate to furnish protection to American manufacturers as disclosed by the following facts:

First. The present average domestic market price of a complete umbrella frame is \$3.12 per dozen for the standard size, which is 25-inch, and during the latter part of the past year offers have been made by foreign manufacturers to deliver the same merchandise in this country duty paid at something under \$2 per dozen, which is shown by the attached copy of a quotation to American consumers marked "Exhibit No. 1," together with copies of quotations named on the same date by the same manufacturers to consumers in Great Britain which figure from 50 to 60 per cent higher than their quotations to American consumers.

These facts indicate that under any other than a compound duty a serious influx of foreign-made umbrella hardware is imminent, and that it would be impossible to compete with foreign manufacturers, who would be able to lay down their complete product at prices so far below what the articles could be produced for here that the industry would be ruined.

Second. A compound rate is much preferable in the interests alike of protection, revenue, and administration and would place the domestic manufacturer on a competitive basis.

Third. In the manufacturing cost of these articles between 60 per cent and 70 per cent goes to labor.

A comparison of rates of labor made from personal observation previous to the war showed that operatives employed in the industry in England, Germany, and France earn only from 25 per cent to 35 per cent of the wages paid for the identical work in the United States.

Fourth. The industry is a comparatively small one and must in order to continue be properly protected, and this can be better accomplished by compound rates of duty in which the ad valorem feature is sufficiently small not to invite undervaluation.

Fifth. There are at present engaged in the manufacture of the different items of the industry not less than 10 different plants, involving an investment of several million dollars.

Should any further information be required, it can be immediately obtained from our New York representative, Mr. Oscar I. Meyer, of 60 East Tenth Street, New York City, who is familiar with all details and whose services are at your command.

EXHIBIT 1.

Copy of letter from American representative of Bremshey & Co., Ohlige, Germany, under date of September 24, 1921, addressed to domestic consumers of umbrella and parasol frames and umbrella and parasol ribs and stretchers, with price list dated September 16 attached.

Please refer to quotation on ordinary paragon, black runner, 5-notch, 7-mm. brown rod, 5 black cap, at 126.55 M.

SEPTEMBER 24, 1921.

DEAR SIR: Your favor of the 22d instant to hand. I have sold to several umbrella-manufacturing firms in New York considerable quantities, a good many thousands of dozens already, of which the first shipments, according to cables received, are traveling

between Hamburg and New York, but all is sold without customs in mark. Bremshey & Co. are not disposed to stock goods on this side or pay the freight to New York and the customs duties here.

For delivery my firm requires at present three to four weeks' time, therefore shipments will take six to eight weeks of the date when I get your order until the goods will be in New York.

As much as I am told, the new tariff bill will not get into force before the end of December, consequently there is still plenty of time left for delivery of several thousand dozens, if you only do not wait any longer.

At the present low value of the mark the advantage in buying our goods is enormous, and the duty, which is charged of the mark amount of the invoice, 35 per cent at the day's exchange, is also very low, figured out in dollars.

One firm in New York has given a big order with monthly deliveries until next spring, part of which probably will be cleared at the customhouse to the new customs tariff.

In securing the approximate amount of your purchases in Germany at a German bank just now, you certainly will have secured a sufficient advantage in comparison with the domestic manufacturer's prices.

Awaiting your further news, I am, dear sirs,

Yours, very truly,

W. G. ANDREIFSEN.

SEPTEMBER 16, 1921.

Offer from Bremshey & Co., Ohlige.

Terms: Delivery, by check without discount against delivery by freight documents, bill of lading, and invoices at a German bank (Deutsche Bank, Berlin, preferable), free Hamburg or Bremen; wooden cases with pitch paper lining.

RIBS, BUNDLE, 96 PIECES.

	From eye to eye.			
	21-inch= 52 cm.	23-inch= 57 cm.	25-inch= 62 cm.	27-inch= 67 cm.
Solid.....	47.75	49.00	51.50	55.50
Ordinary paragon.....	52.00	54.00	59.00	68.00
Adonis.....	54.00	56.00	61.00	70.00
Superba.....	107.00	109.00	114.00	123.00

FRAMES—DOZEN.

Solid, ordinary black runner and notch, 7 ribs.....			97.95	101.30
7 mm. brown rod, 5 black cap, 8 ribs.....			104.20	108.20
Ordinary paragon, black runner, 5 notch, 7-mm. brown rod, 5 black caps:				
7 ribs.....			126.55	132.40
8 ribs.....			135.30	142.45
Adonis black, best runner, 5-notch, 7-mm. brown rod, 5 black cap:				
7 ribs.....			143.70	151.20
8 ribs.....			155.95	164.95
Superba best black runner and notch, 7-mm. brown rod, 5 black caps:				
7 ribs.....			155.10	162.60
8 ribs.....			168.95	177.95
With 84-mm. brown rod, plus M 90, nickeled runner and rod end.....	11.55			
With nickeled runner, screwed peg end, and case ring plus...	19.50			

EXHIBIT 2.

Copy of letter from Bremshey & Co., Ohlige, Germany, under date of September 15, 1921, addressed to consumers of umbrella and parasol frames and umbrella and parasol ribs and stretchers in Great Britain, with price list dated September 15 attached.

Please refer to quotation on 25-inch fluted frames No. 3426 ordinary japanned iron runner, etc.

OHlige, den September 15, 1921.

DEAR SIR: We have duly received your favor of the 13th instant and thanking you for your inquiry we have pleasure in handing you inclosed our lowest offer. Prices mentioned therein are meant for 8½ mm. tube, whilst the prices for the same frames but with 7 mm. tubes are 1½ pence less.

As you will see from our copy we shall be able to deliver the whole lot within 2 to 3 months, while of course, we can make delivery of a good deal earlier if you should like it.

Trusting that you will be able to place the order with us we are,

Yours, faithfully,

BREMSHEY & Co.

OHlige, GERMANY, September 15, 1921.

Offer, London, from Bremshey & Co., Ohlige.

Terms: Free house, wooden cases not to be charged. Payment monthly, check with 5 per cent discount.

Delivery: Two to three months after confirmation.

	s.	d.
1,000 dozen 251 fluted frames, No. 3426, with ordinary japanned iron runner 50 E and japanned iron notch 100 E, 7 ribs, brown iron tube 8½ mm., and caps 14	6	
1,000 dozen 251 fluted frames, No. 3426, with ordinary japanned iron runner 50 E, and japanned iron notch, 100 E, 8 ribs, brown iron tube 8½ mm., and caps.....	15	8
1,000 dozen 271 fluted frames, No. 3426, with ordinary japanned iron runner 50 E and japanned iron notch 100 E, 7 ribs, brown iron tube 8½ mm., and caps 15	5	
1,000 dozen 271 fluted frames, No. 3426, with ordinary japanned iron runner 50 E and japanned iron notch 100 E, 8 ribs, brown iron tube 8½ mm., and caps. 16	7	

No. 3425 the same, but with 7mm. brown iron tube, 1½d. less.

Delivery without engagement in case of strike, lack of raw material, or breakdown of machinery. From the date the goods are shipped abroad no more liability for rust can be entertained. The right to any other claim regarding the carrying out of the order and the quality of the goods delivered ceases eight days after the arrival of the goods at the place of destination.

METAL SNAP FASTENERS.

[Paragraph 348.]

STATEMENT OF WALDES & CO. (INC.), LONG ISLAND CITY, N. Y.

The undersigned is the largest manufacturer of snap fasteners in the world, and since 1918 have been established in the United States, our plant being located at Long Island City, N. Y. The original factory is located at Prague, Czechoslovakia, which employs about 4,000 men, while our American plant now employs from 150 to 200 men. Both these factories are equipped with up-to-date machinery and each one produces the same finely finished metal snap fasteners. These fasteners are made either bright finish or enameled. Our system of manufacturing and the articles themselves are our own inventions, protected by patents by nearly every country.

In all countries where a tariff exists, with the exception of Great Britain, it is possible to produce goods cheaper than they can be produced in the United States. The rates of duty in the different countries are as follows: Belgium, about 75 per cent of the cost price; Czechoslovakia, about 40 per cent; France, 80 per cent; Italy, 90 per cent; Poland, 300 per cent; Spain, 90 per cent; while in Germany and Austria the importation is prohibited.

Against all these high tariffs statements were made at a previous hearing before your committee that the actual duty imposed on importations into this country amounts to an average of from 25 to 35 per cent, which is far less than the tariffs in foreign countries.

When these hearings were held in January, 1921, the German mark was from 2½ to 3 times higher than to-day, and the exchange rate on money of other countries has also undergone great changes. Even if there were no changes in the rate of exchange other conditions make the manufacturer of snap fasteners in competition to the German-made article most difficult and practically impossible to be continued. In the past year five manufacturers of snap fasteners have gone into bankruptcy, and this condition shows no sign of improvement so long as the German-made articles are admitted on

present rate of duty. The manufacture of snap fasteners in Germany can be continued and the importation into this country at cheaper rates than they can be produced in the United States.

Our concern, the largest and unquestionably the best equipped factory in this country, can not meet the prices of the imported German article, and the only hope of the continuation of our business in the United States is that the new tariff duties will adequately protect the difference in the cost of labor here and the highly skilled but poorly paid laborer of Germany.

Since 1918 our losses in the manufacture in this country amounts to almost \$700,000. We shall be glad to continue in the business and for certain reasons hope to increase and extend our business here so that the bulk of the manufacture can be concentrated in this country. To enable us to do this, the rate of import duty on snap fasteners and clasps, in our opinion and based upon our experience in manufacturing in this country and while trying to meet the German competition, should be made at least 60 per cent ad valorem, not mounted on tape or cardboard, and 65 per cent ad valorem when mounted on tape or cardboard.

The product of our American factory is mounted on cardboard as a convenience to the retailer and also to the consumer, because for the first it provides an attractive style of display in their sale and for the consumer the cardboard is a protection against the loss or waste of any part of the purchase not immediately used.

The mounting of the fasteners on cardboard is important also to the printing trade and to the paper manufacturer, because printed directions for the use of the fastener must show on the cardboard to fully protect the customer.

In conclusion, we beg to state that there is no German capital whatever employed in our business. Our American incorporation is composed of Waldes & Co., Prague, and three Americans. The board of directors is composed of four Americans and two Czecho-Slovaks. No business, considering the difference in the price of labor here and abroad, can continue without the protection of a higher tariff, as a losing proposition will not command capital, and the necessary commercial help to this country is lost if by maintaining the present or low tariff the business should be closed and the manufacturer go to another country.

METAL BUTTONS.

[Paragraph 349.]

STATEMENT OF JAMES TURNER, REPRESENTING UNIVERSAL BUTTON FASTENING CO., DETROIT, MICH.

The CHAIRMAN. For the information of the committee, please state your full name and address.

Mr. TURNER. My name is James Turner, Detroit, Mich.

I propose to spend my entire time on a paragraph on which there has been no hearing at all, and that is paragraph 349, Schedule 3.

We are not dissatisfied so far as we are concerned with the other paragraphs. We are only dissatisfied with paragraph 349.

Senator SMOOT. Trousers buttons?

Mr. TURNER. That is the paragraph that refers to trouser buttons.

I am representing as director and counsel the Universal Button Fastening Co., of Detroit. I am also speaking for the Patent Button Co. and the Scovill Manufacturing Co., of Waterbury, Conn., and for C. Radcliffe & Sons Co., of Newark, N. J. These four concerns manufacture all of the so-called patent buttons in this country. By "patent buttons" I do not mean a button which is patented. It is a trade name, such as patent leather.

I can give you an idea of these buttons by a few samples I have here. [Exhibiting samples of buttons to the committee.]

They are buttons which are made up of two parts, the button itself and the fastener. They are clamped together by machinery, and are so attached to the garments. The machines for attaching range from a hand press to complete automatic power-driven machinery.

It will be noted at once that these buttons can be packed and shipped easily and inexpensively. The American companies have practically no geographical advantage. Cost of importation is little handicap to the foreigner.

These four companies are vitally interested in paragraph 349 of the tariff bill. After considerable discussion and study of the questions involved, they have agreed in asking an amendment to this paragraph, and they have very definite reasons for their amendment, which I will endeavor to give.

Paragraph 349 in its present form is as follows:

PAR. 349. Metal trouser buttons, except steel and nickel bar buttons, one-twelfth of 1 cent per line per gross; steel trouser buttons, one-fourth of 1 cent per line per gross; buttons of metal, not specially provided for, three-fourths of 1 cent per line per gross; and in addition thereto, on all of the foregoing, 10 per centum ad valorem; metal buttons embossed with a design, device, pattern, or lettering, 35 per centum ad valorem: *Provided*, That the term "line" as used in this paragraph shall mean the line button measure of one-fortieth of one inch.

It will be noted that this provides for a tariff at different rates per line for different sorts of metal buttons and in addition a rate ad valorem. In case any of the committee do not understand what is meant by a rate per line, I may say that buttons, being very small, are not measured by the foot or inch, but by the line, a line being one-fortieth of an inch. For example, that is a 27-line button [holding up], and this is a 22-line button.

The proposed amendment is as follows:

PAR. 349. Buttons of metal and part metal, three-fourths of 1 cent per line per gross; and in addition thereto, 20 per centum ad valorem; metal buttons embossed with a design, device, pattern, or lettering, 35 per centum ad valorem, or the rate for plain metal and part metal buttons, whichever is highest: *Provided*, That the term "line" as used in this paragraph shall mean the line button measure of one-fortieth of one inch.

In a word, the purpose of this amendment is to remove the distinction in rate per line between metal trouser buttons and buttons of metal not specially provided for and to increase the ad valorem rate from 10 per cent to 20 per cent.

First, as to removing the distinction between metal trouser buttons and buttons of metal not specially provided for. The buttons that I have shown you—

Senator McLEAN (interposing). What is the difference between a trouser button and any other kind of a button?

Mr. TURNER. There really is no difference. The distinction in the tariff arose some years ago by reason of the fact that a particular button was brought in from Germany, a very highly polished steel button, that has not come in for a great many years, and probably will never come in again; and that is why this word came into the tariff acts, because they wanted at that time to specifically provide against a product which we do not have to-day.

The buttons I have shown you were manufactured by the Universal Fastening & Button Co. [exhibiting buttons to the committee]. They are ordinarily used on overalls, but they are also used on trousers, coats, underwear, and raincoats. During the war they were used extensively on shelter tents. We believe that a button similar to these would properly be called an overall button and, under the proposed law, would pay a duty of three-fourths of 1 cent per line per gross as a button of metal not specially provided

for. But a foreign importer could call it a trouser button and claim a duty of one-fourth of 1 cent per line per gross if it was a steel button, or one-twelfth of 1 cent per line per gross if it was a metal button, not a steel or nickel bar button. We do not know what class it would be put in. There are apparently no customs decisions on this doubtful point. So we ask that all metal buttons be treated alike.

The imports on trouser buttons, both of steel and other metal, since 1908 have been practically negligible, running only a few hundred dollars a year, so that no industry in this country is going to be affected by this duty on these buttons. The imports over a period of 20 years on buttons have been in the hundreds of dollars, and they amount to practically nothing.

Senator SMOOT. Then, why are you asking for this increased duty?

Mr. TURNER. For a particular reason, which I will develop in a moment. The exact figures are in our brief. For example, in 1909, the value of trouser buttons of other metal imported was \$598; trouser buttons of steel, \$199; metal buttons not specially provided for, \$175,788. It is apparent from the figures that there can be no American industry which has built up by and is dependent upon the import of trouser buttons at one-twelfth of a cent or one-fourth of a cent per line per gross. The only imports that have amounted to anything have been the metal buttons not specially provided for.

Senator SMOOT. What have been your exports?

Mr. TURNER. Nothing.

The distinction in classification between metal trouser buttons and metal buttons not specially provided for, I am informed, was originally put in the tariff 25 years ago to reach a class of highly polished steel buttons then in great vogue but now practically obsolete. The distinction was abandoned in the tariff act of 1913, which gave the same rate for all metal buttons.

These, then, are the reasons for our asking that all metal buttons receive the same line rate of three-fourths of a cent per line per gross: First, the difficulty of saying what is a trouser button; second, the fact that there have been practically no imports of trouser buttons for the last 25 years, so that no American industry is dependent upon the continuation of the distinction; and, third, because the distinction was caused by a class of button which no longer exists, and was abandoned in the present tariff. There seems to be no real reason now for the distinction.

The button companies also ask that the ad valorem rate be raised to 20 per cent. In the tariff acts of 1897 and 1909 the ad valorem on metal buttons was 15 per cent in addition to the line rate. The bill, as now drawn, makes it 10 per cent, which would, in fact, be a reduction from the rate in these earlier protective tariffs.

Senator SMOOT. And is based on American valuation?

Mr. TURNER. It is.

As is well known to the committee, costs of production in America have increased enormously since 1897 and 1909, when the rate was 15 per cent. It is, of course, very difficult to get accurate figures from Germany, but we have endeavored in our brief to work out a comparison between labor costs in Germany and in the United States. The figures from Germany are taken from the Monthly Labor Review,

gotten out by the United States Department of Labor, and it appears that in the case of the labor compared, the cost in Germany was something like one-eleventh of the cost in the United States. This was before the recent decline of the mark from 1 cent to one-half cent, and it seems reasonable to suppose that the present labor costs in Germany are considerably less than one-eleventh of those in the United States.

Our brief shows the effect of the duty on a button in general demand and even if the button companies are given the protection that they ask a German can still undersell them, who can make his buttons for one-third of their cost in America. When it is considered that our best information as to labor costs in Germany is that they were one-eleventh of the costs in America before the recent decline of the mark, such protection certainly would be reasonable.

There is one other point covered by the proposed amendment; that is, instead of having the ad valorem for metal buttons embossed with a design 35 per cent, the amendment has it "35 per cent or the rate for plain metal or part metal buttons, whichever is highest." In some cases the duty of three-fourths of 1 cent per line per gross, plus 20 per cent ad valorem, which is provided for plain buttons, will be more than 35 per cent ad valorem. Obviously, an importer could have the duty reduced by embossing his buttons. This would be particularly profitable, as the embossed button is the more desirable article. To prevent such an evasion the amendment makes the rate for embossed buttons 35 per cent ad valorem or the rate for plain metal or part metal buttons, whichever is highest.

Senator McCUMBER. Would you desire to secure the same rate of duty on the old style of button which was attached by needle and thread if it happens to be a metal button?

Mr. TURNER. No; we are not interested in that.

Senator McCUMBER. You say "all buttons."

Mr. TURNER. That is true, but as a matter of fact what we are particularly interested in is all-metal buttons which are attached by metal fasteners.

Senator McCUMBER. But you do not say that.

Mr. TURNER. I did not say that because I did not see any reason for the distinction. I think all the metal buttons should be treated alike.

Senator McCUMBER. That is what I asked you; whether you intended to cover metal buttons that were attached by the old style needle-and-thread method.

Mr. TURNER. I do. They are all covered by the same paragraph, and the figures that I gave showing practically no imports of "trouser" buttons included all metal trouser buttons whether sewed on or attached by machinery. I just want to show you briefly the reason we are asking for this duty. It would seem in view of the imports that it was a silly thing to bother you with putting a duty on a button which has never been imported to any great extent into this country. In 1907 the Universal Button Fastening & Button Co. sold their European rights to a man named Bremer. They furnished him with complete sets of specifications and drawings for the machines, and he started to manufacture buttons on a large scale to supply the European trade. Before the war broke out he breached his contract with the button company, and he started to invade the American market

with buttons. The war and legal proceedings interfered with that performance. However, at that time he was in this country, and he made the statement in my presence—this was in 1913—that he could cut our prices in two and still make a larger profit than any man in the button business had ever made in this country.

Senator WATSON. Have they done it—have they sent the imports into this country?

Mr. TURNER. As I say, they started to do this just before the war. Our present information is that four companies in Germany are equipping themselves to come into this market in a very large way and to practically control the situation here.

So we are asking for a tariff that will not affect anybody in America but which will, if what we understand is true, protect the industry in this country.

It is a large industry; it is a business with a very small margin of profit in it. These companies are all old companies, and have been existing 25 years or more, and their earnings, as shown in my brief, are at present small and have been over this entire period.

I have a brief here which I would like to have inserted in the record, giving detailed facts and figures.

The CHAIRMAN. The brief will be printed in the record.

**BRIEF OF JAMES TURNER, REPRESENTING UNIVERSAL BUTTON FASTENING CO.,
DETROIT, MICH.**

The Universal Button Fastening & Button Co., of Detroit, Mich., manufacturers of metal buttons, in its own behalf and on behalf of the American "patent button" industry, presents the following statement in regard to an appropriate tariff on metal buttons:

DUTY IN PENDING BILL.

Paragraph 349 of H. R. 7456 is as follows:

"PAR. 349. Metal trouser buttons, except steel and nickel bar buttons, one-twelfth of 1 cent per line per gross; steel trouser buttons, one-fourth of 1 cent per line per gross; buttons of metal, not specially provided for, three-fourths of 1 cent per line per gross; and in addition thereto, on all of the foregoing, 10 per centum ad valorem; metal buttons embossed with a design, device, pattern, or lettering, 35 per centum ad valorem: *Provided*, That the term 'line' as used in this paragraph shall mean the line button measure of one-fortieth of 1 inch."

PROPOSED AMENDMENT.

It is urged that paragraph 349 be amended to read as follows:

"PAR. 349. Buttons of metal and part metal, three-fourths of 1 cent per line per gross; and in addition thereto, 20 per centum ad valorem; metal buttons embossed with a design, device, pattern, or lettering, 35 per centum ad valorem, or the rate for plain metal and part metal buttons, whichever is highest: *Provided*, That the term 'line' as used in this paragraph shall mean the line button measure of one-fortieth of 1 inch."

REASONS FOR THE AMENDMENT.

1. There is no logical reason for distinguishing in the tariff between "metal trouser buttons" and "buttons of metal not specially provided for." The Universal Button Fastening & Button Co.'s chief button is known as an overall button, and is used mainly on overalls, but it is also used on trousers, coats, and underwear, and on raincoats. During the war it was used extensively on shelter tents. The company is uncertain whether imported buttons similar to those that it produces would be classed as "metal trouser buttons" or as overall buttons; that is, "buttons of metal not specially provided for." To do away with the seeming discrimination against trouser buttons, and to clear up the uncertainty caused by the difficulty of determining what a trouser button is, the company asks that trouser buttons be included with other "metal buttons not specially provided for," and that all metal buttons be taxed at three-fourths of 1 cent per line per gross.

As a matter of fact, the imports of trouser buttons have been negligible for the last 20 years (see table), and it would appear that no American interest is dependent on the importation of "trouser buttons," or could be injured by doing away with the distinction in rate. The company's need of protection is based on the present manufacturing situation, not upon a condition brought about by imports in the past.

As indicating that the classification of metal buttons now provided in the paragraph is unnecessary, attention is called to the fact that the tariff act of 1913 made no distinction between trouser buttons and other metal buttons. The distinction is copied from the earlier tariff acts. Twenty-five years ago large numbers of highly polished steel buttons were imported, which were distinctly "trouser buttons of steel." But these buttons have become practically obsolete, and there is no longer any reason for the distinction between trouser buttons and other buttons.

2. The proposed ad valorem rate of 10 per centum is too low. In the acts of 1897 and 1909 it was 15 per centum in addition to the proposed rate per line. With present high American costs and slight margin of profit, and with low foreign wages and costs, the American manufacturer needs more protection, and it is believed that the ad valorem should be at least 20 per centum. This protection is needed especially because German manufacturers are known to be in possession of complete American button machinery.

3. The pending bill provides for a duty of 35 per centum ad valorem on "metal buttons embossed with a design, device, pattern, or lettering." In some cases the duty of three-fourths of 1 cent per line per gross plus 20 per cent ad valorem, which is provided for plain buttons in the amendment herein urged, will probably be more than 35 per cent ad valorem. Obviously, an importer could have the duty reduced by embossing his buttons. This would be particularly profitable, as the embossed button is the more desirable article. To prevent such an evasion, the amendment makes the rate for embossed buttons 35 per cent ad valorem, "or the rate for plain metal and part metal buttons whichever is highest."

These reasons will be developed in detail in this brief.

THE PATENT-BUTTON INDUSTRY IN THE UNITED STATES.

"Patent buttons" do not necessarily have patent protection. The term "patent" as applied to buttons is a descriptive trade name, such as "patent leather."

"Patent buttons" are buttons which come in two parts, the button proper and the tack or staple, both of metal. They are clamped together by machinery and so attached to the garments. The machinery for attaching ranges from a hand press to complete automatic power-driven machinery. The buttons are used generally on overalls, trousers, coats, shirts, and underwear, occasionally on raincoats, slickers, and shelter tents. The fasteners may be used separately for attaching shoe buttons.

Practically all of the "patent buttons" in the country are manufactured by the following companies:

- (1) The Scovill Manufacturing Co., of Waterbury, Conn. (This company does a great deal of other business, metal buttons being simply one of its lines.)
- (2) The Universal Button Fastening & Button Co., of Detroit, Mich.
- (3) The Patent Button Co., of Waterbury, Conn.
- (4) C. Radcliffe & Sons' Co., of Newark, N. J.

In the case of the three last-mentioned companies the business in "patent buttons" is practically the only business that is done. It is vital to these companies to have sufficient tariff protection, and just as important to the Scovill Manufacturing Co. as far as its button line is concerned.

The Universal Button Fastening & Button Co. has approximately a million dollars invested in special machinery for making "patent buttons" and button fasteners and for attaching the same. This machinery can only be used in this business and if the business is destroyed it is a total loss.

NO DISTINCTION SHOULD BE ATTEMPTED BETWEEN "TROUSER" BUTTONS AND OTHER METAL BUTTONS.

It is believed that a button similar to those made by the Universal Button Fastening & Button Co. would properly be called an "overall" button and pay a duty of three-fourths of 1 cent per line per gross under the bill as now drawn as a "button of metal not specially provided for." But a foreign importer could call it a "trouser" button and claim a duty of one-fourth of 1 cent per line per gross if it was a steel button, or one-twelfth of 1 cent per line per gross if it was a metal button, not a steel or nickel bar button. There are apparently no customs decisions on this doubtful point.

It is, therefore, urged that all attempted distinction in metal buttons be done away with, and that the same tariff be made applicable to all metal buttons.

IMPORTS OF "TROUSER BUTTONS" HAVE BEEN SO LIGHT THAT APPARENTLY NO AMERICAN INDUSTRY IS DEPENDENT ON KEEPING THE DISTINCTION BETWEEN TROUSER BUTTONS AND OTHER METAL BUTTONS.

Value of imports shown by "Statistics of imports and duties, 1908 to 1918, inclusive, prepared by the United States Tariff Commission for use of Committee on Ways and Means."

	Trouser buttons, other metal.	Trouser buttons, steel.	Metal buttons not specially provided for.		Trouser buttons, other metal.	Trouser buttons, steel.	Metal buttons not specially provided for.
1908.....	\$144	\$1, 120	\$162, 711	1915.....	\$122	\$559	\$11, 910
1909.....	568	199	175, 788	1916.....	8	20	4, 934
1910.....	54	712	108, 382	1917.....	39	.....	4, 629
1911.....	314	982	28, 027	1918.....	60	.....	3, 466
1912.....	102	.....	14, 641	1919.....	37	291	3, 813
1913.....	357	6	16, 894	1920.....	4, 335	644	22, 705
1914.....	112	33	17, 632				

NOTE.—Figures for 1919 and 1920 were furnished by the Department of Commerce.

THE AD VALOREM RATE SHOULD BE RAISED TO 20 PER CENT.

In the tariff acts of 1897 and 1909 the ad valorem on metal buttons was 15 per cent in addition to the line rate. In the proposed bill it is 10 per cent. That rate is entirely inadequate. The ad valorem should now be at least 20 per cent, in view of the increased costs of production in America and the present low costs in Germany, if the American industry is to be protected by a duty equal to the difference between the foreign and domestic costs.

METAL BUTTONS CAN BE IMPORTED INEXPENSIVELY.

A button is not like a heavy piece of machinery. It is small and easy to pack and ship. Freight rates are a relatively small part of total cost of production and distribution. The Universal Button Fastening & Button Co., which manufactures in Detroit, sells freely in New England in competition with the New England companies, and they in turn sell in the middle West. There is little advantage in geographical location. Cost of transportation is no handicap to foreign competition. Importers of many commodities can not sell far inland because of freight rates, leaving the inland market to the American manufacturer. Here it is otherwise. The importer can sell anywhere in the United States.

Inquiry made in November, 1921, of freight agents in New York City indicate that the ocean freight rates on metal buttons from Germany to New York would be as follows: Twenty-two line buttons, 2½ cents per great gross; 27 line, 4 cents; 27 line closed top, 8 cents. These freight rates are negligible compared to the difference between the costs of producing the buttons in America and in Germany, as shown later in this brief.

GERMAN MANUFACTURERS NOW HAVE AMERICAN EQUIPMENT TO PRODUCE PATENT BUTTONS.

In 1907 the Universal Button Fastening & Button Co. entered into a contract with a German manufacturer whereby the latter was to manufacture buttons and fasteners from plans supplied by the Universal Button Fastening & Button Co. and sell these buttons throughout Europe on a royalty basis. The German manufacturer was provided with a complete set of machinery, complete blue prints, and all information regarding the manufacture of the product. Shortly thereafter he broke his contract with the Universal Button Fastening & Button Co. and attempted to invade the American market. This resulted in an injunction against him, so that there was practically no importation.

But the Universal Button Fastening & Button Co. and the other companies in the same industry believe that the present situation is a very threatening one for them all, and that the entire American industry is menaced because this German manufacturer is in full possession of all necessary means for manufacturing buttons of a sort acceptable

to the American market, and has already shown a total disregard for his contractual obligation with the Universal Button Fastening & Button Co. If he does not care to repeat his experiment of invading the American market, in view of the court's action, there is as a practical matter no way to prevent him from transferring his information to other parties abroad and having them do what he could not do himself.

COSTS IN GERMANY ARE INSIGNIFICANT COMPARED WITH THOSE IN AMERICA.

Obviously, it is impossible to get exact figures as to costs in Germany. The following figures on labor are from the Monthly Labor Review, July, 1921, United States Department of Labor, and are probably approximately correct. The value of the mark is taken from the Wall Street Journal.

Labor in Germany per hour: Average wages for machinists in Germany in iron and steel and metal working industries, February, 1920, 3.52 marks; value of mark February 1, 1920, \$0.0118; wages in dollars and cents, Germany, 4.15 cents.

In America: Wages for machinists Universal Button Fastening & Button Co., 45 cents; the skilled mechanics and tool makers are paid 75 to 95 cents.

Thus where comparisons could be made it is found that the cost of labor in Germany was about 9 per cent of that in the United States.

But the situation is probably much more favorable to the German manufacturer to-day. Marks are quoted at less than half the figures given above, and while labor wages have probably risen, it is practically certain that they have not risen in proportion to the fall in the mark.

PROFITS OF THE AMERICAN MANUFACTURER ARE SMALL.

The Universal Button Fastening and Button Co., under one name or another, has manufactured buttons for the past 25 years in Detroit, Mich. In order to have an accurate statement of its cost and selling price as of September 1, 1921, the company employed the James E. Morrison Co., industrial engineers, of Detroit, Mich., who reported that the company was working on an average profit of 4 per cent over the cost of all buttons. (A better profit was being made on some buttons and some were being sold at a loss.)

It is only fair to say that these costs, although they are the company's present costs, were comparatively high since they were taken at a dull period when overhead bore a disproportionate share. On the other hand it may be pointed out that if foreign competition takes a large share of the market the company's cost will probably remain just as high.

EFFECT OF DUTY ASKED FOR.

A "patent button" in general demand is that described as the 27 line close top plain brass button. This is one of the most popular buttons for overalls.

This button costs the Universal Button Fastening and Button Co. per great gross, as shown by the James E. Morrison Co., \$5.15, its net selling price is \$5.24 a great gross, which may be considered its American value.

The duty asked for is—

Three-fourths of 1 cent per line per gross, or 9 cents per line per great gross for 27 line.....	\$2.43
Twenty per cent ad valorem of \$5.24 is.....	1.05
Total duty.....	3.48
Differential.....	1.67
Less freight rate to America.....	.08
Differential less freight rate.....	1.59

Thus a German can undersell who can make this button for \$1.59, or, roughly, a little more than one-third of the American cost. When it is remembered that the German cost of labor was only 9 per cent or one-eleventh of that in the United States when the mark was at more than double its present value, it will be seen the protection asked for is reasonable and necessary.

SURGICAL AND DENTAL INSTRUMENTS.

[Paragraph 359.]

STATEMENT OF CHARLES J. PILLING, PRESIDENT THE GEORGE P. PILLING & SON CO., PHILADELPHIA, PA.

We are manufacturers complete, from forging to finish, of American-made surgical and dental instruments, and respectfully request that you do not separate surgical from dental instruments. Surgical instruments should not be separated from dental instruments in paragraph 359 because no line of difference exists. Dental instruments are surgical instruments and surgical instruments are dental instruments.

Objection has been raised to including dental instruments in paragraph 359, the objectors (importers of foreign goods) claiming that dental burrs and dental broaches costing less than \$2 a dozen should not be charged a specific duty, but this can easily be overcome by omitting the specific duty on all instruments under \$2 per dozen.

It is impossible to separate surgical from dental instruments because they are the same.

Mr. Brand, vice president of the Kny-Scheerer Corporation of America said in his testimony before the Ways and Means Committee that he had a telephone message from an "unknown" person stating "that Canada last year (1920) imported from the United States \$567,000 worth of surgical and dental instruments." Please note this message was from an "unknown" person, but we fail to find where Brand or Kny or the "unknown" said what part were instruments and what part appliances, for many appliances used by dentists and surgeons are not in any way connected with paragraph 359. It is misleading to say \$567,000 and stop there. Why not explain more clearly and say that this export amount is not only for instruments but for 93 other different materials making up the dentist's and surgeon's equipment, such as operating chairs, cabinets, cases, cements, teeth, chemicals, vulcanizers, rubbers, fillings, cottons, dressings, and numerous other items not in paragraph 359. Therefore, if the proper proportions were applied to this \$567,000 of the above exports, about 4 per cent should apply to exported surgical and dental instruments, which should amount to about \$18,600. Dividing half of \$18,600 to surgical and half to dental instruments, this would mean less than \$10,000 each for the above exported surgical and dental instruments.

Prominent dentists, surgeons, and hospitals say that of their annual expense only about one-third of 1 per cent is for instruments.

Exports of instruments from the United States to Canada, which, by the way, are a very small amount in dollars, are chiefly composed of special instruments not yet copied by the Germans and Japanese, for the skill and ingenuity of the surgeons of the United States result in the designing of more progressive instruments than either Germany or Japan. As fast as Americans design and make new instruments the agents of the foreign instruments makers send these samples abroad, and then the United States is flooded with foreign-made but American-designed instruments.

WHY DO THE KNY-SCHEERER INTERESTS OBJECT TO ADVANCE OF TARIFF ON INSTRUMENTS?

(See reports of hearings of Ways and Means Committee, House of Representatives, and of the Senate Finance Committee.)

One of the active objectors to the proposed advance in tariff on instruments were the Kny-Scheerer people. Why doesn't Mr. Kny of the Kny-Scheerer interests face the Ways and Means Committee and the Senate Finance Committee, so that the history of the Kny-Scheerer affairs can be brought out? This might indicate why the Kny-Scheerer interests are and have been opposed to an advance in tariff.

1912: Kny-Scheerer Co., incorporated 1897, dissolved 1915; Richard Kny, president; Chas. Koehler, treasurer; Ernest S. Beck, secretary.

1915: Kny-Scheerer Corporation, organized May, 1915; Richard Kny, president.

1918: Kny-Scheerer Corporation was seized by the Alien Property Custodian, September, 1918, as 100 per cent German owned (see Alien Property Custodian Report of Mar. 1, 1919, pp. 120 and 121); Richard Kny, president; A. F. Brand, vice president; Chas. Koehler, treasurer; Ernest S. Beck, secretary.

April, 1919: Kny-Scheerer Corporation sold at auction by Alien Property Custodian, April 24, 1919. Alien Property Custodian Report, March 1, 1919, page 121, says: "The investigation disclosed that A. G. F. M. (Aktien Gesellschaft für Fein Mechanik) had purchased the business from Kny in 1896, and that from that time

Kny had simply been an employee of the German company. During an investigation conducted by the customs authorities into alleged undervaluations, and later in an attempt to evade the British blockade, the books and records of the Kny-Scheerer Corporation had been prepared so as to give it an appearance of an independent American company entirely free of foreign or German connections. When the trading-with-the-enemy act was passed advantage was taken of this condition by Kny to make a bold and unscrupulous claim to the property, which finally was broken down by my office."

March, 1920: In March, 1920, the Kny-Scheerer Corporation of America was incorporated. In or about the early part of 1920 a protest of the Kny-Scheerer Corporation to Senate Finance Committee against an advance of tariff on surgical instruments was signed by Richard Kny, President.

April, 1920: Kny-Scheerer Corporation of America. In a circular issued April, 1920, by Bache & Co., they offered stock in Kny-Scheerer Corporation of America. In a stock-selling letter accompanying the Bache letter of April, 1920, name of Richard Kny is mentioned as a director.

September, 1920: Kny-Scheerer Corporation of America. The commercial reports showed N. E. Franklin, president; A. F. Brand, vice president; Ernest S. Beck, secretary; and Richard Kny as one of the directors.

1912-1920: The trade-mark of the Kny-Scheerer Co., 1912, of The Kny-Scheerer Corporation, 1915, of The Kny-Scheerer Corporation of America, 1921, is the same trade-mark that Jetter & Scheerer Co., of Tutlingen, Germany, used before the World War, during the war, after the war, and now.

January, 1921: At Ways and Means Committee hearing Congressman Bacharach asked Mr. Brand, of Kny-Scheerer Corporation of America: "What has become of Mr. Kny, the former president?" Mr. Brand answered: "Mr. Kny has retired from business, broken in health as a result of the A. P. C. [Alien Property Custodian] investigation trying to prove he was not telling the truth."

1912-1920: Richard Kny in 1912, signing himself as president of the Kny-Scheerer Co., said: "The Kny-Scheerer Co has its principal factory outside of the United States and produces but little in the line of surgical instruments in this country." In the spring of 1920 Richard Kny, signing himself as president of the Kny-Scheerer Corporation, filed a protest with the Senate Finance Committee against the proposed advance in tariff on surgical instruments.

Perhaps from the above reasons may be inferred why the Kny-Scheerer interests do not want tariff advanced on instruments.

ALIEN PROPERTY CUSTODIAN REPORT AND OTHER PUBLICATIONS REFER TO
RICHARD KNY.

Surgical instruments.—"The president of the company (Kny-Scheerer Corporation) is Richard Kny, whose activities I have had occasion to investigate in connection with the Chemical Exchange in the Heyden Chemical Co., the Eisemann Magneto Co., and the New York Patents Exploitation Corporation." A more complete report is found in Alien Property Custodian's report, pages 120 and 121.

Magnetos.—"Of all the magnetos produced in America at this time at least half were made by two companies—the Bosch Magneto Co. and the Eisemann Magneto Co." A more complete report is found in report of Alien Property Custodian, pages 108, 109, 110, and 111. Richard Kny was an officer of Eisemann Magneto Co.

Carbolic acid plot.—"In the meantime, to avoid doing business under his own name, Schweitzer registered as a trade name the 'Chemical Exchange Association,' which was described as a copartnership consisting of himself and Richard Kny. Kny was the father-in-law of George Simon, of the Heyden Chemical Co., and was the ostensible proprietor of the Kny-Scheerer Co., one of the most important manufacturers in this country of surgical instruments. This company, like the Heyden Chemical Works, was a purely German-owned concern, and both have since been taken over by me."

"A dinner was given by Schweitzer and Kny at the Hotel Astor in honor of Dr. Albert. Among other guests were George Simon, F. A. Borgemeister, Norvin R. Lindheim, and Capt. Wolf von Igel, of the German embassy—a typical gathering of the most active German propagandists in the country." A more complete report is found in report of Alien Property Custodian, page 44.

Heyden Chemical Works.—"Next to Roessler & Hasslacher in importance among companies of the same class is the Heyden Chemical Works. This was the subsidiary of the Chemische Fabrik von Heyden, of Radebeul, Germany. When my investi-

gation commenced, all of the stock except three shares stood in the name of T. Ellet Hodgskin, a New York lawyer, who had for some time represented the firm. After considerable examination it was ascertained that this stock, which had been transferred just before our entrance into the war, had been paid at par with a sum of \$149,000, borrowed by Mr. Hodgskin for the purpose from Richard Kny, father-in-law of George Simon, a German subject and the manager of the company, under an agreement contained in a letter from Mr. Hodgskin to the effect that he would thereafter retransfer it at cost. Richard Kny, it will be remembered, was the partner of Schweitzer in the Chemical Exchange Association, and he was also the ostensible owner of the Kny-Scheerer Chemical Co., which also turned out to be a purely German-owned concern and has been taken over as such. Thorough investigation resulted in the practical admission that this transfer was mere camouflage, and accordingly the stock has been demanded and taken over. Mr. Hodgskin is now under indictment for his participation in similar proceedings in respect to another company."

[The Journal of Industrial and Engineering Chemistry, Vol. 12.]

CRIPPLING A GREAT WORK.

In a notable address in Baltimore, on September 30, 1918, Hon. A. Mitchell Palmer, the then Alien Property Custodian, took the country into his confidence as to the threat against our public welfare which lay within the great industrial machine which Germany had quietly but with characteristic thoroughness coiled like a great viper about the vitals of this nation, and promised to rid America of the menace. The exposition of the danger and his determination to remove it rallied to his aid the services of the ablest lawyers and financiers in the land. And Judge Palmer made good his promises. Gradually the coils were unwound, through the seizure of the enemy-owned properties and their sale to American citizens. This great work was carried out in a manner which has successfully defied criticism either of a political or of a financial character. That was all the Alien Property Custodian could do.

The concomitant thought in this great piece of war work was that America should become economically independent of Germany as a source of certain essential supplies. In the great majority of cases the results have been admirable. American control, where once was German, is being exercised for America's good. Formerly not only were profits made for Germans, but frequently those very profits were turned to corruption in the practice of bribery and in the support of a complex system of espionage.

But there are indications that the fine work of Judge Palmer and his successor, Mr. Garvan, is being crippled by the action of American stockholders to whom some of these properties were sold under authorization of Congress. For example, the enemy-owned stock of the Kny-Scheerer Corporation (surgical instruments) was seized by the Alien Property Custodian, and on April 24, 1919, was sold to American citizens. The Alien Property Custodian's report to Congress, pages 120-121 stated:

"The president of the company is Richard Kny, whose activities I have had occasion to investigate in connection with the Chemical Exchange in the Heyden Chemical Co., the Eisemann Magneto Co., and the New York Patents Exploitation Corporation." "Through the bureau of investigation in my office, a lengthy and careful examination [of the Kny-Scheerer Corporation] was had covering a period of months. It was discovered that information submitted for my inspection had been falsified, and that important instruments had been suppressed. Finally, the proof established by my bureau reached such proportions that Kny withdrew his claims of ownership and reported that the property was owned by Aktien Gesellschaft fur Fein Mechanik (commonly called A. G. F. M.).

The investigation disclosed that A. G. F. M. had purchased the business from Kny in 1896, and that from that time Kny had simply been an employee of the German company. During an investigation conducted by the customs authorities into alleged undervaluations, and later in an attempt to evade the British blockade, the books and records of the Kny-Scheerer Corporation had been prepared so as to give it an appearance of an independent American company entirely free of foreign or German connections. When the trading-with-the-enemy act was passed, advantage was taken of this condition by Kny to make a bold and unscrupulous claim to the property, which finally was broken down by my office."

Nevertheless, Mr. Kny was retained as president for at least a year by the new American owners. Mr. E. S. Beck was likewise retained as secretary and during that period we have been told that the manufacturing plant in Brooklyn was closed, while surgical instruments were again imported from Germany and offered to the trade

in America at prices guaranteed to be 20 per cent below the prices of American goods. Mr. Kny has resigned the presidency, but we have not heard of any manufacturing operation in this country by that firm.

LYING DOWN ON THE JOB.

We have received a communication, printed in full, page 1132, from Mr. N. E. Franklin, president of the Kny-Scheerer Corporation of America, called forth by the editorial in the September issue entitled "Crippling a Great Work."

Mr. Franklin feels that some one took advantage of our good nature. Wrong, Mr. Franklin, entirely wrong. That editorial was inspired solely by a knowledge of the public hearing held in Washington (not the first hearing, but a second hearing before the full Senate Finance Committee), at which was disclosed the character of the opposition to the Bacharach bill, which places a protective duty on a number of war-born American products, among them surgical instruments. Mr. Franklin, who was treasurer of the Kny-Scheerer company, is doubtless aware of the opposition to the bill shown on that occasion by Mr. Brand, the then and now vice president of his company, as set forth in the brief filed with the committee. He doubtless knows that Mr. Richard Kny, the then president and, we understand, now consulting director of the company, was also present.

In the light of this opposition it needed only a superficial investigation to learn that the Kny-Scheerer company had reverted entirely to the business of importing, having closed their Brooklyn plant. Mr. Franklin thinks that the general public is not interested in this. We take it as a matter of very grave public interest that the country is reverting to that condition which existed at the beginning of the war, when we were unable to supply adequate quantities of instruments not only to our civilian hospitals, but even to the very surgeons who were preparing to embark for France with our Army.

Mr. Franklin protests that his company is "owned and controlled solely by born Americans." Of course. That was the whole point of the editorial. He continues these are "men who lent their services in many ways to their Government during the recent great struggle." We do not doubt it; but we were criticizing not what they did during the great struggle, but since its close.

Nowhere in Mr. Franklin's letter is a single word of denial of any fact set forth in our editorial, namely, that Mr. Kny, whose activities as a German propagandist had been so clearly set forth in the official report of the Alien Property Custodian, was retained by the American owners as president for at least a year; that Mr. E. S. Beck was retained as secretary (in this connection it is worthy of record that Mr. Beck is a brother-in-law of Mr. Scheerer, of the Jetter & Scheerer Co., of Tuttlingen, Germany, and is still secretary of the Kny-Scheerer Corporation of America, which is the sole agent in this country of the German company); that the manufacturing plant in Brooklyn is closed; and that the goods of this company were offered to consumers at figures 20 per cent below American prices. Nowhere in Mr. Franklin's letter is there any intimation that his company is planning to develop an American surgical instrument industry. It is a tacit acknowledgement that his concern is not interested in the task of continuing the development of American workmen skilled in this art, but prefers to make dividends by importing German wares. If this is not crippling a great work, then the term American economic independence is a hollow mockery. Meanwhile, we know that American workmen have recently vainly sought employment of the character they were engaged in before the renewal of German importations, that some manufacturers who had begun the manufacture of surgical instruments have been compelled to decrease by half the number of their employees, while others have quit the field entirely.

If the Kny-Scheerer Corporation of America is to continue merely an importing agency, if it is to do no constructive service in the development of an American industry, then it was a sad day for America when the Alien Property Custodian allowed this fine property to be sold to its present American owners. In the light of Mr. Franklin's own letter we are, to our regret, confirmed in the conviction that they have lain down on the job.

WHY THE OBJECTIONS OF CLAUDIUS ASH, SONS & CO., TO THE PROPOSED TARIFF ON INSTRUMENTS.

(See page 1096 Hearings of Ways and Means Committee, House of Representatives.) By referring to commercial and other reports we find the following:

1. Claudius Ash, Sons & Co. (Inc.), organized October 4, 1920; yet the Ash, Sons & Co., brief speaks of 37 years connection with the dental manufacturing business.

2. Claudius Ash, Sons & Co. of U. S. A. (Inc.), according to commercial reports, has an authorized capital of \$150,000, with Chas. A. Sykes as president. Commercial report, August, 1921, says: Chas. H. Sykes (president of Ash, Sons & Co. of U. S. A.), subscribed for eight shares; C. E. Green, vice president, one share; Matthew Brown, secretary, one share. Who owns the balance? Is it not reasonable to expect that the balance of \$150,000 is owned by foreign interests? (See below.)

3. Chas. H. Sykes, now president of Claudius Ash, Sons & Co. of U. S. A., reports show as having (prior to 1920) been New York manager of Claudius Ash, & Son Co. (Ltd.), of London, capital \$5,000,000. Commercial reports, August, 1921, on Claudius Ash & Son Co. of U. S. A. say "a large bulk of their purchases are made from Claudius Ash & Son Co. (Ltd.), London." Is this why the Ash Co., of New York does not want tariff advanced?

CATALOGUES PRINTED IN GERMANY.

In relation to a brief filed with the Senate Finance Committee by F. A. Koch & Co., New York, and signed E. Stratman, opposing the proposed advance duty on instruments, it might be well to take into consideration that a recently published catalogue of F. A. Koch & Co. was printed in Germany. Is the United States to be flooded with instruments made in Germany and Japan and also submit to instrument catalogues printed in Germany?

CENTRIFUGAL EXTRACTORS.

[Paragraph 372.]

BRIEF OF WILLIAM F. GARCELON, REPRESENTING THE AMERICAN TOOL & MACHINE CO., HYDE PARK, BOSTON, MASS.

The American Tool & Machine Co. employs normally about 500 men, nearly all skilled mechanics, pays about \$600,000 a year in wages, and manufactures sugar machinery, machine tools, powder machinery, and centrifugal extractors used in the production of chemicals and dyes.

Under clause 193 of the Dingley bill and clause 199 of the Payne bill there was a duty of 45 per cent ad valorem on sugar machinery. Under clause 391 of the Underwood bill, now in force, sugar machinery is on the free list—

Centrifugal extractors are used in making sugar, powder, guncotton, chemicals, dyes, textiles, and in kindred industries. About 10 per cent of those made in this country are used in the manufacture of sugar. During the late war so important was the manufacture of centrifugal extractors to the Government that the industry was in class A priority.

The American Tool & Machine Co. during the war devoted its resources to making powder machinery and furnished to large powder manufacturers and to the Government several millions of dollars worth, its machinery having been installed in the smokeless powder plants at Nitro, W. Va., and at Old Hickory, Tenn., while its machine-tool department furnished tools for the manufacture of torpedo heads, fuse plugs, and similar articles.

Centrifugal extractors are built so that they revolve as high as 1,000 to 1,500 revolutions per minute, and the most skilled workmen are required in their construction. They are a necessity in time of war, and it is desirable to have their production maintained in the United States so that they will be available.

The duty requested herein will not add materially to the cost of manufacturing sugar and will have no effect on the price paid to the farmer for raw material or the price paid by the consumer for the manufacture of products.

The company's product is used in the United States, Canada, Porto Rico, Cuba, and the Philippine Islands.

In 1911 and in 1913 the company came to direct competition with Watson, Laidlaw & Co., Glasgow, Scotland, and Potts, Cassels & Williamson, Glasgow, Scotland. Watson, Laidlaw & Co., because of their low labor cost, was skillful in underbidding this company materially and finally in securing the orders. Labor costs in Scotland are very much lower than in this country.

In January, 1913, the American Tool & Machine Co. figured against Watson, Laidlaw & Co. on a job at Halifax, Nova Scotia, its price being \$73,000, while the Watson, Laidlaw & Co. bid was \$54,750. In 1913 the same class of labor used on fine machinery in Scotland was 30 to 35 per cent less than here.

This company recently had actual orders on its books for two large sugar plants to be erected during 1921, as well as figures out on several others. Definite cancellations

on these orders were received, because it is believed that under the existing tariff law the machinery can be bought cheaper abroad.

To employ our labor and keep our plant in skillful operation in normal times, to have the makers of centrifugal extractors equipped to promptly provide the machinery necessary in time of war, a protective tariff is needed, and the company hereby requests that changes be made in accordance with the wording appended hereto.

This duty will be 10 per cent less than the duty under the Dingley and Payne bills, which was 45 per cent ad valorem. With such a duty the competition from abroad would not be prohibited, but this company and its competitors in this country would be able to get their fair share of business in the United States, in Cuba, and in the Philippines.

It is the desire of this company that centrifugal extractors, whether or not used in the manufacture of sugar, should carry a duty of 35 per cent ad valorem. If it is suggested that centrifugal extractors used as a part of sugar machinery should come into this country free from duty and that extractors not used in the manufacture of sugar should carry a duty, it is pointed out that these articles may be brought in under a declaration that they are a part of sugar machinery which is being admitted free, and later may be used in any other industry.

There is appended hereto a suggested amendment to the House tariff bill, with the additions inserted in italics:

"PAR. 372. Steam engines and steam locomotives, 15 per centum ad valorem; machine tools and parts of machine tools, *centrifugal extractors, whether for use in the manufacture of sugar or otherwise*, embroidery machines, including shuttles for sewing and embroidery machines, lace-making machines, machines for making lace curtains, nets and nettings, and all other machines or parts thereof, finished or unfinished, not specially provided for, 35 per centum ad valorem; *Provided*, That machine tools as used in this paragraph shall be held to mean any machine operating other than by hand power which employs a tool for work on metal."

KNITTING, BRAIDING, AND INSULATING MACHINERY.

[Paragraph 372.]

BRIEF OF THE TEXTILE MACHINE WORKS OF READING, PA.

The new tariff bill as it passed the House of Representatives imposes an ad valorem duty of 35 per cent on full-fashioned knitting machines and on braiding and insulating machinery, which are products of our factory. Taking into consideration the conditions abroad and at home, this rate is wholly inadequate to enable us to compete with German and other foreign manufacturers, and we respectfully petition you to advance the rate of duty to a point where it will equalize the difference in cost of production at home and abroad.

Our business is a distinct example of the development of an American industry against foreign competition through the application of the protective tariff policy. After 21 years of struggle we have now reached the point where we employ 1,035 people. These workers are paid at the following rates: Machinists, \$0.60 to \$1.50 per hour; machinist helpers, \$0.45 to \$0.86 per hour; laborers, \$0.30 to \$0.50 per hour.

For performing the same work German workmen are paid from 10 to 15 marks per hour, or less than one-tenth the rate paid to American workmen, their earnings decreasing as the value of the German mark depreciates. In view of the fact that 80 per cent of the total cost of production in our factory is labor, it is perfectly obvious that our business can only be maintained through the imposition of a tariff rate which will equalize the vast difference in labor cost to German and American manufacturers. Wage reductions to make up this discrepancy are not to be thought of, but if every employee were to voluntarily submit to a reduction in pay of 50 per cent it would be insufficient to meet the situation. American workmen could not exist on double the pay of German workmen. The maintenance and the development of our industry can only be achieved by the same method which was responsible for its establishment—the imposition of adequately protective duties.

The entire industry of building knitting machines is only about 50 years old in this country. Prior to 1870 the industry was practically not in existence. From that time on seamless machines (round cylinder machines) began to be made, and there were also several attempts made to manufacture flat machines to produce hosiery similar to the hosiery that was imported from Europe, and all such efforts were discontinued because it was found that the machines could be imported cheaper than they could be made here. The reason for this was largely inadequate tariff protection at that time and also insufficient demand.

Beginning approximately with 1890, full-fashioned hosiery machines were imported into this country in large numbers, chiefly from Germany. Up to the year 1900 there were between 500 and 1,000 machines in operation which had all been imported, perhaps 98 per cent of them from Germany.

About the year 1900 we commenced the manufacture of full-fashioned hosiery machines, and for a period of 10 years we experimented and developed our machine until we had perfected it to a point where we could compete, as far as quality and quantity of output were concerned, with the European product. During this 10-year period the business was a losing proposition, and we were only enabled to keep up with the work because we made other lines besides that paid us a profit. From 1910 to 1920 the business grew to considerable proportions, owing to the impetus given by the war and the cessation of importation on account of it. Had it not been for the war our business would have received a very serious setback by reason of the low tariff protection provided in the Underwood tariff bill, which reduced the tariff to 20 per cent, a figure absolutely inadequate to compensate for the difference in cost of labor between Germany and this country, even at that time.

During the present year we have experienced a boom in our production of full-fashioned hosiery machines, which was a direct result of the boom in the hosiery, particularly in the silk-hosiery, industry during the past few years and the demand for new machines started by it. This boom is now severely checked by the present slump in the industry and also by the reappearance of imported machines made in Germany and brought in here under the present low tariff conditions. We feel that at the present moment the future of our industry is in a critical condition and much depends upon the treatment received in the tariff legislation to be enacted by Congress.

During the year April 30, 1909, to April 30, 1910, our factory shipped 56 full-fashioned knitting machines, valued at \$163,731.80. In 1916 the business had grown to the point where we shipped 109 of these machines valued at \$312,360. Due to war conditions which stopped production in Germany, our output during the year April 30, 1919, to April 30, 1920, reached 349 machines with a market value of \$1,891,360.

Our problem is almost exclusively one of labor. We were confronted by extreme competition from Germany prior to the war, due principally to the fact that labor costs in Germany were very much lower than in this country. Wages probably were from one-half to two-thirds lower than we paid during that time, and with a low tariff of 20 per cent German manufacturers were able to deliver machines in this country at a lower price than it cost us to build them.

There is no particular demand for machinery in our line that is not, or can not be, built in this country, except for attachments such as drop stitch, striping, lace, etc., the building of which we have been unable to undertake up to this time, since the labor cost for putting these attachments on our machines would be almost prohibitive as compared with those of German manufacturers.

Prior to the European war Germany had been manufacturing hosiery in tremendous quantities and exported same to all countries of the world. As a result of the war this condition has changed entirely, and the various countries of Europe, such as Spain, Italy, Russia, even Czechoslovakia and others, as well as some of the South American countries, have undertaken the manufacture of this hosiery themselves, and it seems that Germany is now building and shipping knitting machines to these countries, instead of the hosiery as before the war.

In view of the fact that Germany is able to undersell us in these markets and they are not confronted with any domestic competition in the domestic markets they practically have this business to themselves. Since we are the only competitors for them in this country they could well afford to sell their machines for little or no profit in order to seriously hinder us, and which would naturally enable them to control the world market for full-fashioned hosiery machines, as they have done prior to the European war.

Machines made by American textile-machinery makers are not in any way inferior to those of German make. On the contrary, the output of American factories is equal in every respect to the German machines. The advantage enjoyed by the Germans has been due solely to low cost of production, which means low wages.

We respectfully offer the following suggestion: If customs duties are to be assessed on the value of imports in American markets, an ad valorem duty of at least 40 per cent should be imposed on lace-making machines and knitting machines.

If the American valuation policy is not to be incorporated in the bill, and duties are to be assessed on the purchase price abroad, then there should be imposed both specific and ad valorem duties sufficient to enable the American manufacturer to maintain the present wage rates and sell in competition with foreign products. In our opinion the American-valuation plan with a 40 per cent ad valorem duty will be fairest to labor and to the domestic industry, and will work no hardship upon the American people.

REFINED NICKEL.

[Paragraph 385.]

BRIEF OF THOMAS P. LITTLEPAGE, WASHINGTON, D. C., REPRESENTING AMERICAN BRASS CO. AND MIDVALE STEEL CO.

The existing tariff law, passed in 1913, paragraph 155, reads as follows:

"Nickel, nickel oxide, alloy of any kind in which nickel is a component material of chief value, in pigs, ingots, bars, rods, or plates, 10 per centum ad valorem; sheets or strips, 20 per centum ad valorem."

Paragraph 385 of the pending tariff bill, as it passed the House, reads as follows:

"Nickel, nickel oxide, alloy of any kind in which nickel is a component material of chief value, in pigs or ingots or similar forms, 5 cents per pound; in bars, rods, plates, sheets, strips, strands, anodes, or electrodes, 30 per centum ad valorem."

The House committee proposed the change, which involves a very heavy increase of duty without any request having been made to it to increase the duties over those contained in the existing law. Attached hereto is an extract from a communication from a member of the Ways and Means Committee, showing that no one appeared before the full committee or the subcommittee to give any information or make any plea as to need of protection of nickel. In the absence of any such representations being made to it the committee arbitrarily made the increase, being influenced merely by a disposition "to adhere closely to the Payne rates."

The fact that no appearance was made before the committee should, we submit, have been interpreted by the committee to indicate the general acquiescence of all interested parties in the existing rates of the tariff law of 1913. Such is the normal interpretation, and we are satisfied that it is the interpretation which corresponds to the facts. We respectfully but earnestly urge on behalf of the users of nickel in the various iron and steel manufactories, cutlery and plate works that the nickel schedule of the 1913 law be retained.

NICKEL NEEDS NO INCREASED PROTECTION.

The greatest producer of nickel in the world is an American concern—the International Nickel Co., of New Jersey. This company has a practical monopoly of nickel sold in the United States, it is immune from foreign competition in the United States, and it, indeed, controls by far the largest part of the nickel sales of the entire world. If this powerful American corporation did not and does not seek an increase in duty, the conclusion is irresistible that it does not feel the need of additional protection.

The facts with respect to nickel set out in the "Tariff Information Surveys," issued by the United States Tariff Commission, 1921, on the articles in paragraph 155 of the tariff act of 1913—nickel ore, matte, metal, and manufactures—show clearly the situation of the industry, the dominant position of the International Nickel Co., and explains why the corporation neither requires nor seeks additional tariff protection. The Federal Trade Commission's Report of 1918 to the United States Senate opens as follows with respect to metal:

"The dominating factor in the nickel industry is the International Nickel Co., which produces practically the entire output of that metal in this country. * * * This company has a natural monopoly, based on the ownership of the Canadian mines from which its nickel ore is derived."

The report then goes on to speak of the prices, which "are high," and the profits, which are "very large."

Thus, increased duty will mean not increased protection but merely an opportunity for increased prices. As shown by the Government reports referred to, the International Nickel Co. requires no additional protection. Its dominant position in the world, arising from control of the principal sources of supply throughout the world, is such that there is not and has not been any appreciable foreign competition in the nickel products covered by paragraph 155 of the 1913 tariff law. An increase of tariff will merely mean that an addition can be made to the price at which nickel is sold in the United States without fear of thereby inviting competition. An increase of duty from 10 per cent ad valorem to 5 cents per pound is a very large increase, about 66 per cent. If this change is made and this very high duty prevails, the International Nickel Co., if it so desires, can safely increase, correspondingly, the price of nickel to enlarge its own profits and with corresponding detriment to the users of nickel and nickel alloys.

USES OF NICKEL AND NICKEL ALLOY.

The chief consumers of refined nickel in this country are the nickel-plate manufacturers, and their name is legion; the brass companies, and there are many of them; and all manufacturers of nickel steel.

This nickel steel is one of the most essential factors in modern industry. Nickel steel is the finest kind of steel. It is used in the manufacture of armor plate. The Government itself is interested in this factor. If the price of finished nickel be increased, the Government, in its armor plate factories, would be compelled to directly pay an unnecessary tribute. Of course, the Government in this instance would suffer only as all other users of finished nickel in this country would suffer. This item is pointed out simply to indicate an immediate interest on the part of the Government in this matter.

Other very extensive uses of finished nickel are in bridge building, manufacture of the finest steel rails, structural steel, many of the most important parts of automobiles, and in all other machinery of high type of construction.

As nickel steel enters into the finest parts of nearly all manufactured machinery, it will be seen that practically the entire manufacturing industry of the United States can be directly affected by the manipulation of refined nickel.

It is highly inadvisable that so large a portion of our whole manufacturing industry should be threatened with advanced cost of refined nickel due to an unasked for and unneeded increase in tariff.

SUMMARY CONCLUSION.

The nickel industry needs no added protection. Under the now prevailing tariff, practically no refined nickel has been imported, but the American refined nickel industry is entirely in the hands of Americans and largely in the hands of one American corporation, which itself imports the nickel "matte" from the foreign sources of raw material which it controls.

The nickel industry has not sought any increase in duty it would be impossible for it to show any occasion therefor.

The great number of consumers of nickel and nickel alloys throughout the United States should not be put at the mercy, as regards price, of one powerful American company which dominates the nickel industry of the world.

The existing duty should be maintained as satisfactory to all interests and as providing precisely that measure of protection which should be sought—namely, which, on the one hand, is proved to be amply adequate protection to prevent foreign competition which would injure American productive industry, and, on the other hand, protection which is not so excessive that potential foreign competitors will not exercise a moderating influence which will prevent the unjust exploitation of American consumers.

It is respectively submitted that the provisions of the existing law should be retained as having been proved satisfactory to all interests.

SCHEDULE 4.—WOOD AND MANUFACTURES OF.

BRIER WOOD.

[Paragraph 403.]

STATEMENT OF LEOPOLD DEMUTH, REPRESENTING WM. DEMUTH & CO., NEW YORK, N. Y.

We beg herewith to respectfully submit to you the following facts regarding paragraph 403 of the tariff act of 1921 now before your committee for consideration.

Brier root or brier wood used for the manufacture of smoking pipes is the root of a brush called "bruyere," growing in Italy, Algeria, and Spain, and is the only material that has been found suitable for our industry. It has been on the free list up to the tariff act of 1909. At that time some of our southern farmers, believing that ivy or laurel wood, growing in Tennessee and Carolina (being in appearance similar to the imported brier), would answer our purpose, asked Congress for a tax on imported wood hoping thereby that a new industry could be started in the South. We endeavored to prove at the time that this was a fallacy, because the domestic wood has not the fibrous

strength to withstand the heat of pipe smoking, nevertheless the tariff act of 1909 imposed a duty of 15 per cent on the imported raw material, which was reduced to 10 per cent in the tariff act of 1913, and paragraph 403 of the 1921 act again imposes a duty of 10 per cent on this material.

As prophesied by us at the time, no industry was started in the South. Ivy and laurel woods can not be used for our purpose, and we therefore ask that this material be again placed on the free list, in order to give the American industry the advantage of using the only material practicable without the additional handicap of 10 per cent duty. It is undoubtedly your policy to equip the American manufacturer with the necessary raw materials without the imposition of any duty just as long as no substitute can be had in this country.

In view of the above, we respectfully suggest that "brier root or brier wood and similar wood unmanufactured or not further advanced than cut into blocks suitable for the articles into which they are intended to be converted" be placed on the free list.

PORCH SHADES.

[Paragraph 413.]

BRIEF OF G. F. BELKNAP, WAUKESHA, WIS., REPRESENTING MANUFACTURERS OF PORCH SHADES AND CURTAINS.

The facts set forth in the following brief relate to porch shades, which are included in paragraph 175, Schedule D, of the tariff act of October 3, 1913, which reads as follows:

"Blinds, curtains, shades, or screens, any of the foregoing in chief value of bamboo, wood, straw, or composition of wood not specially provided for in this section."

In order that the Government may secure the most revenue and the duty be assessed in the most equitable manner, it seems clear to us that paragraph 175 of the tariff of October 3, 1913, should be subdivided to read as follows:

(1) Porch and window shades made of wood slats, papier-mâché, or composition molded in the form of slats woven parallel to one another.

(2) Porch and window shades, curtains, blinds, or screens made of strips or fibers of bamboo, reed, straw, or material other than wood, woven parallel to one another, colored or the same uncolored.

The above suggestion is made owing to the fact that the two vastly different kinds of porch shades and window shades now being imported into the United States vary materially in cost and should not be included under one heading and covered by only one duty.

We respectfully request a duty of 45 per cent ad valorem on wood-slat porch shades, described in (1) above, and a duty of 60 per cent ad valorem on Japanese or bambo-porch shades, described in (2) above.

According to the United States tariff information, the pamphlet called "Wages in the United States and Foreign Countries" printed by the Government in the year 1921, a skilled worker in this industry in Germany receives less than 6 cents per hour, whereas the wages of our skilled weavers are from 45 to 50 cents per hour. The workmen in the United States who produce the raw materials entering into the construction of wood-slat porch shades are paid approximately eight times as much per hour as the workmen who produce these same materials in foreign countries.

In order to protect the skilled American workmen against the difference between wages in Germany and in the United States, a difference between 54 cents per day in Germany and from \$4 to \$4.50 per day of the same length in the United States, and thus enable us to keep our plants in operation, it would mean a duty of not less than 45 per cent ad valorem based upon an equalization of exchange between Germany and the United States.

The duties requested in the briefs filed with the Ways and Means Committee in January, 1921, were based upon the latest quotations on imported shades available at that time. The quotations on German shades 6 feet wide by 7 feet 6 inches long were \$2.90 f. o. b. Hamburg. The quotation on the same shade as of August 10, 1921, was \$2.07 or nearly 29 per cent less than in January.

The following table shows the cost of this German shade to the American importer f. o. b. New York, as follows:

	United States import duty.	Ocean freight and insurance.	Price at New York.
Net price, f. o. b. Hamburg \$2.07:			
25 per cent foreign valuation, present duty	\$0.52	\$0.18	\$2.77
30 per cent American valuation, provided in Fordney bill	1.23	.18	3.48
45 per cent American valuation as requested in this brief	1.84	.18	4.09
85 per cent foreign valuation	1.76	.18	4.01

The prices to dealers of the American manufacturers on this size shade, namely, 6 feet wide by 7 feet 6 inches drop, range from \$3.90 to \$4.15.

Furniture and house furnishings went up after 1914 in price, according to the Government's own reports, from 250 to 369 per cent, while our merchandise only went up 100 per cent in price at the maximum, and is now only 75 per cent above the 1914 prices when we paid \$42 per 1,000 for lumber, which now costs us \$70 to \$75 per 1,000 feet in lots of 1,000,000 feet. Furthermore, we could have put the price up 200 to 250 per cent without any difficulty, but we did our best to hold our prices at the lowest possible figures even during the inflation period, which fact, of course, you realize.

The reason that American manufacturers can not compete with Japanese bamboo shades is because the wages in Japan are not only greatly less than the wages in America but the raw material in the body of the shade (the body material being the largest single item of cost in any shade) from which bamboo shades are made, reproduces itself without cultivation every few years over a wide area in the Orient, thus making the original cost of this material almost nothing as compared with the high-priced lumber in the United States.

Your attention is respectfully called to the fact that the Fordney bill provides a duty of 50 per cent on furniture manufactured from reed, rattan, and bamboo, as against 15 per cent in the Underwood bill, an increase of 233 $\frac{1}{3}$ per cent, whereas the Ways and Means Committee of the House have given us an increase of only 20 per cent on a product using the same grade of foreign labor and a corresponding material.

It is obvious that unless we are given a duty of 45 per cent ad valorem on wood-slat porch shades and 60 per cent ad valorem on Japanese or bamboo shades, and a plan of equalization of exchange, such as the American plan, every porch shade factory in the United States will be compelled to go out of business.

THE AEROSHADE CO., *Waukesha, Wis.*
 THE HOUGH SHADE CORPORATION, *Janesville, Wis.*
 RAYMOND PORCH SHADE CO., *Janesville, Wis.*
 SHREDWOOD CURTAIN CO., *Worcester, Mass.*

JANUARY 6, 1922.

HON. CHARLES H. BETTS,
Assembly Chamber, Albany, N. Y.

MY DEAR CHARLES: Possibly the following tariff information may be of interest to you:

Previous to the war, when the cost of German shades with the American duty of 25 per cent added was almost exactly the price at which we sold our shades to dealers, the importation of German and bamboo shades had increased from \$226,993 in 1910 to \$1,080,572 in 1913, an increase of 376 per cent.

That is, previous to the war when the 25 per cent duty on German shades did give us some protection, it did not interfere with the importation of German and bamboo shades, as the importations, as already stated, increased 376 per cent in the four years previous to the war.

The American valuation plan, or its equivalent, is absolutely necessary for us at the present time unless a duty of about 85 per cent on wood-slat shades, foreign valuation, is levied. We understand that some of the members of the Ways and Means Committee of the House thought that they were giving us a handsome duty when they recommended a duty of 25 per cent ad valorem on

uncolored shades and 30 per cent ad valorem on colored shades in the bill which the Senate is now considering.

The difficulty with a 30 per cent ad valorem duty, even with the American valuation plan, is this, that a duty of 30 per cent on \$4.15, the present cost of an American shade 6 feet wide by 7 feet 6 inches drop to dealers is \$1.24. A German shade 6 feet wide by 7 feet 6 inches drop, as you will see from copy of letter inclosed herewith from Hugo Klemm, of Heidelberg, Germany, would cost as follows:

German shade, 6 feet by 7 feet 6 inches, cost in Hamburg on August 10,	
1921, export tax paid-----	\$2. 07
Freight-----	. 18
30 per cent duty, American valuation plan-----	1. 24
Total-----	3. 49

The cost to us of manufacturing and selling the above shade is over \$3.75, and we must sell the shades for \$4.10 or we can not keep in business, and there is grave doubt about our being able to keep in business and sell shades at \$4.10, whereas any one can get high-grade German wood-slat porch shades for \$3.49 delivered in New York City all duties paid.

Otherwise expressed, owing to the tremendous depreciation in German exchange it is almost impossible to get duties high enough event with the American valuation plan to protect us at all for the reason that the duty, when computed on the American valuation plan, is added, of course, to the cost of the shades in Hamburg, and the shades now cost in Hamburg such a very small amount that even with the duty added we do not get protection, as you will see.

When we petitioned the Ways and Means Committee last January to subdivide paragraph 175, schedule D, of the tariff act of 1913, which reads as follows: "Blinds, curtains, shades, or screens, any of the foregoing in chief value of bamboo, wood, straw, or composition of wood not specially provided for in this section," into two sections as follows:

(1) Porch and window shades made of wood slats, papier-mâché or composition molded in the form of slats woven parallel to one another. (All of which so far have come from Germany.)

(2) Porch and window shades, curtains, blinds, or screens made of strips or fibers of bamboo, reed, straw, or material other than wood, woven parallel to one another, colored or the same uncolored. (All of which so far have come from Japan.)

We petitioned for a duty of 45 per cent ad valorem on the wood-slat porch shades, and 60 per cent ad valorem on the bamboo or Japanese shades.

At the time we made this petition to the Ways and Means Committee last January, marks were worth \$0.0175 each. When we came to make our petition to the Finance Committee of the Senate on December 31, last, marks were worth only about \$0.003; that is, marks are now only about one-fifth what they were in January, 1921, so, anything but the American valuation plan or its equivalent is, so far as we are concerned, practically useless.

Furthermore, we are not in favor of a committee, no matter who they are, or of the President "adjusting duties to meet conditions." We can not possibly borrow money at the bank when we are dependent upon the judgment of the President, or of three or four men, or a dozen men, as to whether our business is to continue or not. This is impossible from the manufacturer's standpoint. Every manufacturer simply must know where he is in his finances or else, of course, he can not continue in business.

Another thing: The manufacturer can not go on and plan a selling campaign, if, in the midst of the campaign, the costs on his merchandise are liable to be changed by the judgment of some one in Washington. All this is absolutely impossible from the manufacturer's standpoint as you will readily see.

I trust this will be of some assistance to you, and am, with kind regards,

Very truly, yours,

SCHEDULE 5.—SUGAR, MOLASSES, AND MANUFACTURES OF.
LOUISIANA SUGAR.

[Paragraph 501.]

STATEMENT OF HON. JOHN M. PARKER, GOVERNOR OF LOUISIANA.

Gov. PARKER. Personally, I am out of active business and have no direct interest in a tariff, but for many years have been an earnest advocate of a tariff and especially for our raw products, believing it eminently unwise to force our farmers and agriculturists into direct competition on an equality basis with those nations whose habits and customs of life are very different from ours.

Permit me to emphasize this: Serving as Food Administrator for Louisiana from the beginning of the war impressed me largely with the agricultural needs of the Nation, and particularly so of the fact that but for the beet sugar of the far West and the cane sugar of the South this Nation would have gone absolutely without sugar or sweets of any kind; and almost simultaneously with the armistice day, not small numbers, but trainloads of Chinamen began coming in by way of San Francisco and going across the country, and personally I repeatedly saw trainloads of these Chinamen, many of whom were stripped to the waist, the windows of the cars nailed down, brought through Baton Rouge and New Orleans at night and carried to Tampa, and from there to Cuba, where they worked under contract, said to be five years, in direct competition with the American sugar producer of Louisiana and the beet grower of the Central and Middle West.

A study as to conditions of these countries would at once satisfy those of us who think deeply that it is a physical impossibility for any self-respecting American to raise agricultural products in competition with the underfed labor of those countries who are our greatest competitors.

This applies with equal force to rice, to the oil industry as represented by the soya-bean oil, the peanut oil, and other oils coming in in vast quantities from Korea, China, and Japan, many of which were sent in the most unsanitary packages, one particular shipment amounting to 1,000,000 10-gallon cans, photographs of which I at one time had but gave to some of the Tariff Commission representatives. I have not raised a stalk of cane or rice in my life, but having been very active in public affairs for a great many years I realize what conditions are, and that if the producers of those vital agricultural products are compelled to come in direct competition with imported Chinese employed in Cuba, and then also with the people of India, Korea, and other sections of the world where labor costs practically a song, I see nothing except ruin and disaster for them and their early retirement from business.

I can possibly speak officially on some of these questions, because the State of Louisiana produces more than 6,000,000 pounds of cane sugar, a large part of which it still has on hand, although produced by convict labor at practically no cost except guards, most of whom in turn were convicts—they can not possibly get out on present prices.

Senator LA FOLLETTE. Is all of the labor on the cane-sugar plantations of Louisiana convict labor?

Gov. PARKER. Oh, not at all; I am speaking only of the State-owned property. The State of Louisiana owns its own property; all the others are free, and there is no convict labor anywhere else. I was speaking of State land entirely.

Senator LA FOLLETTE. How extensive are those lands?

Gov. PARKER. All told, we will have by the 1st of July about 14,000 acres, but they will not be all in cane. We raise cane, rice, sweet potatoes, cabbage, and large quantities—large numbers—of cattle, and the definite hope of some of us is that we will soon raise sufficient to take care of our public institutions.

Senator LA FOLLETTE. How does that convict labor compare in efficiency with the paid labor upon other plantations?

Gov. PARKER. There is not very much difference in it. It is part of the same labor, and it is about the same—very little difference. You might get a little more work. But when there is bad weather there is no work for them, just exactly like the others. We have three convict plantations—one at Hope, one at Monticello, and one at Angola. We raise rice, cattle, and hogs on one, sugar on another, and sugar and cotton on the third—raised entirely by convicts. But they have nothing to do with the production of sugar all over the State. The State production is in the neighborhood of 300,000 tons. So in raising the amount we do, it amounts to nothing.

Senator LA FOLLETTE. What is the rate of wages during the growing season, particularly for labor on the cane plantations?

Gov. PARKER. It varies very much, from \$1.25 to \$2 a day, depending upon the class of work, and that is almost exclusively Negroes, except the small farmers in southern Louisiana, who are little fellows who own their own places. A great many have farms divided up. They handle their own products entirely, and they do their own work, using a high degree of intensive cultivation.

My personal observation in regard to the question of a sugar tariff is about as stated in the first paragraph, that it is not a political question but that it is an economic question; that but for a sufficient tariff we would have no sugar whatsoever raised in the United States. It is simply a purchase of insurance by the balance of the people of the United States to see that under all conditions they are protected as they were during the war, at which time it was very forcibly brought to my attention as to the importance of raising it all over the United States.

That covers, gentlemen, what I had to say from my knowledge based on what I have seen. I am not in the business; I simply have had the occasion to watch it day after day and see to-day the ruin of our agriculturalists pretty nearly like some of them in the West.

Senator SMOOT. I think you want to correct your statement wherein you said that you raised 6,000,000 pounds of sugar.

Gov. PARKER. I said in the penitentiary sugar farms. Our State raises something over 300,000 tons, and what we raise on the convict farms is infinitesimal.

Senator LA FOLLETTE. What business organizations were bringing in these Chinese laborers?

Gov. PARKER. None that I could tell. I saw the Chinese coming in over the Southern Pacific, branching off at Lafayette and at Baton

Rouge, coming through the swamps. They did not bring them direct to New Orleans. I understand there were labor agents and others bringing them through in bond. They left Baton Rouge just about dusk, half past 6 or 7 o'clock, and got to New Orleans a little after 8; and instead of stopping over they went right through on special trains to Montgomery and through to Tampa in bond.

Senator SMOOT. What became of those Chinamen?

Gov. PARKER. I understand they are all in Cuba. They were taken there for sugar purposes on five-year contracts.

Senator LA FOLLETTE. Can you state the approximate numbers?

Gov. PARKER. I could not, but I could get that. It would be difficult to express it, because I saw trainload after trainload, and the windows were not raised higher than this pencil [illustrating], nailed down, and they never passed through early in the morning, but only late at night, in order to prevent labor troubles. They did not stop in this country, but went right through to Tampa and from there to Cuba.

Senator GOODING. Gov. Parker, will you tell the committee your relation with the Southern Tariff Association, how you happened to be connected with it and the part you played in its organization and growth?

Gov. PARKER. I talked at their first meeting and have been very deeply interested in it, because to my mind the protection to-day of the American agriculturists is the most important point before the American people. I have never seen a farmer, whether in Louisiana, California, Dakota, or anywhere else who was an anarchist or bolshevist or who is anything but a law-abiding citizen. But you take them all over the country and plenty of them can not pay taxes and can not begin to pay interest on what they have borrowed. The more they raise the quicker they are going to go under, because they can not by any possibility finance themselves. I know there is not a single live man in the hog, cattle, and sheep industry who has not lost a great deal of money and who would have been infinitely better off to-day to give away everything they had. I know that applies to the sugar man. Man after man has come to me and said he can not go on and wants to know what will happen to him. Why? The bankers, with the uncertainty involved, are absolutely unwilling to advance them a dollar. When you add this risk of nearly a million tons of sugar in Cuba, the bankers absolutely will not make any advances. Some of these men have homes which they have had a hundred years. It should not be forgot that Louisiana has done more for the sugar industry of the world than any other community. We have 67 men from different nations studying sugar chemistry in Louisiana State University. In our State sugar chemistry has been worked out and utilized all over the world.

We have studying there three or four men from India, four or five from China, and others from nearly all the other South American countries. They are there because they have an opportunity to take advantage of the most up-to-date chemical apparatus and procedure. And if we had not done our share to materially increase the yield of sugar per ton, making an earnest and careful study to develop canes which would increase a percentage of saccharine we would have all been broke this year. That has not only been a

study by the university, of which I have the honor to be the nominal head, and while we have 800 students, but we have just completed the purchase of two thousand and odd acres of land on the Mississippi River, running $3\frac{1}{2}$ miles on the river front, which will be one of the largest plantations in the country, along the line of chemistry in agriculture.

But I do not hesitate to say to you gentlemen that on the present tariff basis I do not see how any of those sugar planters are going to live or even exist. They can not borrow any money from their banks. They might struggle along all right at 2 cents—2 cents means you have increased the cost of everything in the world that you touch. You find your enormous cost is transportation, and then the labor question must be added.

Senator LA FOLLETTE. At what price would they have to sell sugar in order to make a fair return upon the investment?

Gov. PARKER. Senator, that would depend on what the conditions were. The first question is that of the yield per acre in tons of cane. I am not a sugar man; I can not give you that accurately. Second, after you get that yield per acre in tons of cane, you want your yield of sucrose per ton. I understand this year some cane went as high as 180 pounds in sucrose, something unheard of, by developing these new methods. But it cost the employment of a vast number of people. It involves the use of an enormous amount of machinery, almost exclusively, that is purchased all over the country, and agricultural instruments from anywhere and everywhere.

GENERAL TARIFF REVIEW.

STATEMENT OF H. E. MILES, CHAIRMAN FAIR TARIFF LEAGUE, RACINE, WIS.

Mr. MILES. The Fair Tariff League is composed wholly of protectionists, manufacturers, representatives of 2,500,000 farmers and wage earners, women's associations, merchants, and others. We believe absolutely in our American institutions, in the vigor and strength of our people, and as protectionists we believe that every American industry that is worth while should have the utmost fair consideration of Congress.

We are thoroughly opposed to excessive rates, knowing them to be tremendously injurious to the national interest. We find many industries operating under excessive tariff rates that are no more "protection" than burglary is honest work. This is the judgment, as nearly as I know, of the majority of the manufacturers of the United States, only a few of whom press Congress for excessive rates that let them overcharge the American people.

Senator LA FOLLETTE. Mr. Miles, have you been engaged in the manufacturing business?

Mr. MILES. A life-long manufacturer, Senator, at Racine, Wis., a manufacturer and merchant for 25 years.

Senator LA FOLLETTE. In what line?

Mr. MILES. Wagons and carriages, and then agricultural implements, owning and managing one of the four largest carriage factories in the country, four retail houses, and six or eight wholesale houses.

When I was president of the National Association of Agricultural Implements and Vehicle Manufacturers, I was chairman of its tariff committee; also of the National Association of Manufacturers' tariff committee for three years, including the Payne revision; and chairman of the National Tariff Commission Association, which included some 225 manufacturing and commercial organizations representing the general business judgment of the United States.

When I say that I think we represent in the main the sentiment of the manufacturers of the United States, I have particularly in mind the National Association of Manufacturers' questionnaire in 1908 to 11,000 manufacturers; and, that of those who replied, 55 per cent were decidedly of the judgment that I will express here to-day against excessive rates; 20 per cent were opposed to this judgment. They were profiteering by excessive rates and wanted them to be as high as could be. The remainder were of mixed judgment; some were not interested.

First of all in considering tariff revision we should realize that there is a real panic in some quarters, especially among manufacturers, because some, not much, merchandise is being imported at prices far below real values as we judge them. A hosiery importer declares that certain women's hose is being sold in a New York store at \$2.50 a pair, and cheap at that, which cost \$1 a pair. A manufacturer has just brought from Germany a set of binoculars bought at retail at \$8, on which the retail price in this country is \$40, and a real silver Eversharp kind of lead pencil at 30 cents. A merchant tells of a good-quality razor from Germany, bought at 10 cents.

Sometimes we are too frightened by these things. There is another side. We are fed up on retail prices. If Congress would find the cost price of things there would be a marvelous change in judgment. And the Republican Party is pledged to write the tariff upon the basis of costs, here and abroad, and not otherwise.

I questioned a manufacturer of cutlery when I heard that razors were coming in at 10 cents each. He laughed and said: "We sometimes sell them at about that price ourselves."

I heard of a knife coming in at 10 cents, but remembered that 10 years ago I bought an American-made knife at the regular factory price of 9 or 10 cents. But it was decidedly an inferior knife.

I heard that hosiery was coming freely into our markets at 45 cents a dozen pair for cheap cotton socks. I was alarmed lest the industry would go to pieces, until I found that these socks are made by a well-to-do American factory that likes this business, but the price is not 45 cents a dozen pair; it is nearer 70 cents. It was 45 cents before the war. Here is a pair.

By such experiences as these we come to believe that many of our factory costs are so low that fear would yield to joyous appreciation of our wonderful manufacturing ability if only we knew.

Senator SIMMONS. Were these socks made in this country?

Mr. MILES. Yes, sir; you will find the name of the factory on them.

The purpose of a protective tariff, as contemplated by Hamilton and Washington, was the development of the industrial and inventive genius of our people until we had both low costs of production with correspondingly low prices to the consumer and high wages supporting high standards of living.

It was never contemplated that industries should be a perpetual burden upon the people through the tariff.

Low cost of production and high wages have been realized beyond the dreams of the fathers of protection. Not so of prices.

Shoes, agricultural implements, sewing machines, and some other highly finished products, paying high wages, are produced here cheaper and better than anywhere else and exported all over the world. They are now on the free list.

Many industries that are deceiving Congress and the public with exaggerated claims are as efficient as those named, but by cries of alarm are getting hundreds of millions of the public's money undeservedly.

The cheap socks I show you are one of the miracles illustrating our accomplishment. Our hosiery used to come from France and Germany. To-day there are shop windows in Chemnitz, the German hosiery center, displaying American hose, while our silk hosiery is freely sold in the stores of Paris.

Thirty years ago a single operator ran six of the machines of those days, making a total of 18 dozen pairs of socks daily, with a piece-rate wage of 3 cents per dozen pairs, giving her 54 cents per day.

Twenty years ago, with better machines and the same rate of pay, the output was double, giving a wage of \$1.08 per day.

In the last five years, with full automatic machines, making the entire sock, including the ribbed top, each operator runs 25 machines, knitting 150 dozen pairs daily. Her piece rate has been reduced from 3 cents to 2 cents per dozen pairs, and yet she gets \$3 per day.

Senator LA FOLLETTE. Paid the woman who makes these socks?

Mr. MILES. Who only knits them.

These socks cost 81.6 cents per dozen pairs to-day, including 36 cents for the yarn. A manufacturer tells us they could be sold for 85 cents per dozen pairs. They retail at 10 cents per pair in the 10-cent stores, where these were bought. These stores used to buy them as low as 50 cents per dozen pairs. This is the miracle and perfect accomplishment of protection. Two cents per dozen pairs for knitting on the piece basis and \$3 per day wage. The total labor cost from raw cotton to finished sock is 2 cents per pair; the lowest wage in the world and the highest weekly earnings paid any hosiery people in the world.

A single operator runs from 20 to 30 of the newest type machines knitting women's silk hose and producing a total of 80 to 90 dozen pairs daily. At 4 cents per dozen pairs, or one-third of 1 cent per pair, she would earn \$3 per day—almost no cost—and a high wage.

Contrast these facts with the tariff attitude of the hosiery and knit-goods people. One of their typical representatives declares that they can not exist without a further increase in their tariff, because, says he, average wages in the United States in this industry are \$30 per week, in England \$17.40 per week, in Germany \$5.50, in France \$7.14. Were he to tell the truth, he would say that the wage cost per dozen pairs in the United States is about 2 cents per pair on socks and twice that on women's silk hose of ordinary quality, and correspondingly more for "full-fashioned." He pays this; he does not pay \$30 per week, nor does any country pay less than he does

per pair. That is why one-fourth of all the hosiery and knit goods made in the United States is exported the world over; that is why we exported hosiery last year to the amount of \$4,000,000 and imported only \$1,000,000, the imports being mostly novelties, golf stockings, etc., that we did not care to make. That is why our knit goods of all sorts go freely all over the world and substantially no knit underwear is imported but only fancy novelties for outer wear.

Notwithstanding this, the House bill, with its American valuation clause, puts higher duties on cotton, wool, and artificial silk hosiery than are given laces, which have always been thought to carry the highest rates in our tariffs. This is done by compound duties that hide the robbery. Knit goods should be given an ad valorem or a flat rate. Analysis shows wide variations in the House ratings, concealing exploitations.

With Congress virtually prohibiting importations by a high tariff in this, as in other industries, and our domestic manufacturers with their heads together on prices, the people are paying unreasonably for their supplies. Mercerized children's socks, that were from 85 to 90 cents per dozen before the war, are now \$2.50. Fortunes have been made in the hosiery business in the last few years. Mills are very busy. It is for Congress and the people to say whether these manufacturers shall henceforth be self-supporting or shall longer have great and unnecessary grants of public funds.

The story of hosiery is repeated in almost every other industry.

I have here from the National Acme Co. a piece of metal $3\frac{1}{2}$ inches in diameter and 4 or more inches long cut inside and out into difficult shapes. It would take a skilled man a day or two at a forge to make this. Now a man runs 15 machines, each making one of these in two minutes, so the man averages 7 per minute. It would be difficult to figure the wage cost, and yet he gets 50 to 70 cents per hour. This man does the work of 500 men at hand forges in the olden days. The cost to-day is 2 cents per piece; that was once \$5 or \$10. And yet the overgreedy and dissimulating tariff beneficiary will compare the \$4.50 to \$5.50 per day that the American workmen earn at 2 cents per piece with wages in other countries where the net cost is higher.

Here are other difficult but smaller pieces. Figure the labor on these. One man runs 15 machines, thereby averaging 7 pieces per second.

In cotton goods, as said the Tariff Commission in 1912, "although labor costs in the cotton industry are in many cases lower in the United States than in England, yet the actual hourly earnings in this country are, in most of the principal occupations, much greater." We meet all competition the world over in ordinary cotton goods, sending ticking and drills to India, whose cotton-mill operatives get only a few pennies per day in wages.

It used to take four power tools and a forge to make a bolt—just a bolt. It was a slow process. To-day a man simply feeds rods 30 feet long into a row of bolt machines, and out of each machine come bolts, cut to length, headed up, threaded, and the nut put on the thread, so fast as to blur the vision. No man can figure the labor cost unless expert in carrying his decimals out to a far distance.

So in shoes, it is said that labor to-day does in 45 minutes what used to require two days' time. High wages and low costs.

The Singer Sewing Machine Co. has an enormous trade in the Orient, Japan, China, the Philippines, which it supplies from its American factories because it is a little cheaper to do so than from their British factories, where workmen earn less per day, but are more expensive because of their smaller production.

So a great manufacturing company has recently closed its German factory because both the skill and the morale in Germany has deteriorated until the company can only afford to operate its American plant.

When the public learns of the low-wage cost in manufacturing cotton, silk, and woolen goods; certain kinds of cutlery, which are made in the ordinary grade cheaper here than elsewhere and exported broadcast; pressed glass, some kinds of hardware, sanitary ware, and other things, it will insist that Congress shall not heed the loose pleas of these manufacturers. The cost of living will then be reduced at least \$3,000,000,000 per year. Our money will go that much further. Costs, as well as prices, will come down, and with lower costs, our world trade will continuously and tremendously expand, and our factories be busy.

The census of 1910 gave us a population of 92,000,000 people, and in 1920 of 105,000,000. If, however, we measure in terms of industrial efficiency, our 105,000,000 people to-day are producing as much as, possibly, 120,000,000 people could have produced in 1910, or at least in 1900, so that we have now to find an output in all the markets of the world for the production of the equivalent of 120,000,000 people instead of the 105,000,000 named in the census. We now have in these new mechanical facilities the equivalent of 10,000,000 invisible workers who must be kept busy unless our wage earners are to suffer from idleless. New inventions intensify this condition daily. With 5 per cent of the world's population and 7 per cent of its land surface, with only 147 years of national life, the United States is producing 24 per cent of the world's foodstuffs, 40 per cent of its minerals, and 34 per cent of its manufactures. And it has just begun.

The woman who makes 1,800 pairs of socks per day must be kept just as busy as her grandmother who made 10 pairs a week, and so of the machinist, who produces as much as 500 men did 60 years ago, and the woman who operates 20 looms instead of the single loom her grandmother worked.

All this means lower rates of duty, and the kind of tariff that most develops foreign trade, while protecting the domestic market reasonably.

The Fordney tariff bill is a relic of the past century, and the exact opposite of what the country needs. It closes the doors to foreign trade. By its American valuation clause, it doubles the present duties and lets every price-fixing group in America determine the basis of duties on imports of competing products.

Senator JONES (interposing). Let me ask you right there, whatever may be the difference in labor cost here and abroad, we have about as good machines for making those sort of products as they have anywhere else?

Mr. MILES. By general confession the best machines on earth, but as everybody says, "Foreigners buy our machines and copy our methods." They trail behind us all the time on our type of quantity

production, and a foreign worker seldom runs more than half as many machines as the American worker. They seem to lack the nerve.

Senator JONES. They are made here by the same machine as used in Germany and everywhere else?

Mr. MILES. There are always somewhere in the United States new machines that are better than any machines anywhere else in the world, generally speaking. We lead in these inventions for quantity production. On quantity production this story of hosiery and other trades is typical. One woman runs some 20 to 25 looms and weaves 4,500 yards of ordinary cotton cloth per week on a wage of \$12 to \$15 a week, against about half that many looms in Europe per worker. We ship the product of this \$15 a week worker to India against the product of the Indian cotton-mill worker who gets \$1.25 per week, because our goods cost less.

Senator SMOOT. Can you tell me where any woman runs 25 looms?

Mr. MILES. I have seen them in Massachusetts and North Carolina.

Senator SMOOT. There may have been 25 looms there, but one weaver did not run 25 looms.

Mr. MILES. One of the best-posted men in America says he has frequently seen three women running 100 looms.

Senator SMOOT. There would be so many imperfect pieces and breakage.

Mr. MILES. It is mighty near that. I have seen the mills in Spartanburg and other places.

Senator SMOOT. I never heard of any such thing, never saw, never dreamed of it, and I do not believe it can possibly be. I do not want to get into any long discussion.

Mr. MILES. No.

Senator SMOOT. I know this, and you know it as a manufacturer, there are so many ends break, and there is only one way of putting them in, and that is by hand. You have got to stop your loom, and you have got to pull the thread through the headers. They have got to be mended and mended right away as it breaks and make other threads, and, of course, the cloth is spoiled.

Mr. MILES. The automatic loom stops itself, and just waits. I am speaking of cotton mills on print cloths and heavier fabrics.

Senator SMOOT. The loom stops itself where the filling runs out, but not where a thread breaks. Every loom stops when the filling thread breaks, but not on the warp. I have been a weaver myself.

Mr. MILES. But not recently. I have the greatest respect for your judgment and experience. American invention, however, stops at nothing. Now, even on woolen looms, there is a copper weight attached to a wire controlling each warp thread and falling on a copper plate if the warp thread breaks, thus establishing an electric contact that stops the machine. There are also other devices. Partly because of this on plain weaves like twills one operator can run four to six woolen looms, although the wool thread is comparatively weak. You can, therefore, distribute this worker's daily wage over four to six looms and the cotton weaver's over 20 to 30 looms and 4,500 yards per week, as stated. On fancy weaves an operator runs only one to four looms.

Senator SMOOT. Go on. I did not want to get into a long argument.

Senator SIMMONS. Have you more illustrations showing the small cost of certain manufactured articles; are there any more illustrations?

Mr. MILES. They are everywhere. I have mentioned these because they simply illustrate the genius of American production.

So far as it is sincere the demand for increased tariff rates rests on the fact that considerable importations are coming at unreasonably low prices from countries with depreciated currencies, Germany especially.

The German mark passes current in Germany for twice its international value or a little more. Consequently, an importer buying marks in the United States and making purchases with them in Germany can import sometimes at half to a third of American values, although some German goods—textiles and leather goods, for instance—cost in gold a third more than before the war, as shown in a statement recently issued by our Federal Reserve Board. Others cost three-fourths as much. The average advance in German prices in October last was 35 per cent and November 22 per cent, according to this statement.

Sometimes we are unnecessarily frightened, as when a maker of round metal clocks complains of German importations at 47 cents costing him more than that to produce. Investigation discloses that tens of thousands of little German alarm clocks were imported annually before the war at 1 gold mark each, 24 cents. They kept poor time, but answered the purpose. Clocks are not coming in much now.

Sometimes we are frightened by the story of an invoice at, say, 50 marks, which we take at the current rate of half a cent, when in fact the invoice is an old one and the mark was then worth, say, 5 cents.

It is not protection to let ruinously cheap things come in. Nor need we wait until Germany is bankrupt or sold out, although this remedy would operate soon. As Senator Smoot has suggested, there should be passed immediately by Congress a law on depreciated currency, which raises the duty for each per cent of depreciation beyond a certain point. This would immediately correct the values from each of these countries, and could be so figured as to bring them entirely to the American level. It is even believed that it would help those countries to raise the values of their currencies. It would instantly stop objectionable importations. This proviso would be opposed by some American manufacturers who harp on these importations for ulterior purposes.

The American valuation clause would have no effect in stopping these importations. As the United States Tariff Commission says the mark passes in Germany for twice, or a little more, its international value. I use this proportion of two to one and submit that if a thing costs \$1 in Germany, \$1.50 in England, and \$2 in the United States the American valuation clause would assess, for instance, a duty of 30 per cent on the American value of \$2. Germany would pay 60 cents, or the equivalent of 60 per cent on foreign valuation, bringing her article up to \$1.60. The English article would pay the same, 60 cents, and be raised to \$2.10. But this would leave the German article 25 per cent under that of England and other good-currency countries, and 20 per cent under the American market. This 20 per

cent would let Germany destroy the American market just as easily as she can now, while any higher duty on American valuation would absolutely shut out every country except Germany. I have put this situation to manufacturers who are alarmed at German imports, and on consideration they agree that "American valuation" is useless in the premises.

The only remedy, then, is in a depreciated currency or similar selective clause. The American valuation clause is a camouflage for doubling existing duties against all countries, and adding billions of dollars to the cost of living.

If, instead of so-called American valuation as above figured, we have a depreciated currency clause, with foreign valuation, we could take 40 per cent as a fair tariff, and then add, say, three-fourths of 1 per cent to the duty for each 1 per cent of depreciation below 20 per cent. Then Germany figures \$1 foreign value plus 40 cents duty plus 60 cents for depreciated currency, and she is brought to our domestic \$2 price, at which she is welcome. England would pay \$1.50 plus 40 per cent, or 60 cents, making her article \$2.10, or 5 per cent above ours. Thus we get substantial equalization, and no slightest chance for worry. As the Tariff Commission says, there would have to be limitations and special provisions, because many German products are being brought in at good, fair American prices, duty paid. In no case should the depreciated currency countries be penalized by surcharge duties bringing any product to higher prices than other countries. As the Tariff Commission says, this plan involves administrative difficulties; but it can be done.

The exhaustive study by experts of the very few commodities in question may show that their selection by Executive order under a so-called flexible provision is better than primarily to make exchange the basis. This is the same in effect.

As a matter of fact, there is no American valuation clause in the House tariff bill. Section 402 provides that duties shall be levied upon the basis of domestic wholesale prices.

A provision that "duties shall be levied upon the basis of domestic wholesale prices" is a "domestic prices clause" and it is nothing else. It is clear to us that certain porch climbers stole those clean and good words, "American valuation," and are using them for camouflage purposes. They are not in the bill, which provides that duties shall be assessed with absolutely no reference to value or to cost of production, but to their wholesale price in the United States. The Republican Party in 1908 declared that duties should represent the difference in the cost of production here and abroad. Every protectionist so believes. This means that duties shall measure intrinsic values as indicated by the sweat of the brow and the materials involved. When you get away from that and tie the protective system to a prices clause, however made, it is not protection; it is an absolute surrender to price fixing and to every circumstance of price making throughout the country.

In 29 industries that the Fair Tariff League has analyzed, prices went up from 1914 to 1919, an average of 260 per cent. With American valuation the tariff also would have gone up that 260 per cent. The people then could have said of Congressmen what they said of retailers and others. And what the war then enabled manufacturers

and distributors to do with prices every shifting current of trade would enable them to do again in greater or less degree.

Senator LA FOLLETTE. These 29 industries were typical, were they?

Mr. MILES. Entirely so. Two or three were semifinished or crude, like lead and wire, and informative in their way. The rest comprised very many of the things that fill our stores—cottons, silks, woolens, corsets, furs, buttons, clocks, and watches, gloves, aluminum, glucose, umbrellas, carpets, wire, chocolate, hardware, chinaware, cutlery, hosiery, glassware, toys, collars and cuffs, oilcloth and linoleum, paint, starch, etc. They are so many and so typical that one need not look further.

Senator SIMMONS. And during the period that you just now mention—1914 to 1919—the average increase in those prices was 260 per cent?

Mr. MILES. Yes. In 1914 the products of these factories were charged out at an average of \$40 per capita of population, and in 1919 at \$104 per capita of population, an increase of 260 per cent.

We all know that prices went into the sky. To tie a tariff system to that sort of a kite seems to us utterly impossible. And what the war did every shifting condition does more and less.

Under the new misnamed "American valuation clause" no one appearing in a customs court in a case of ordinary competing merchandise could say a word about the value of it, or its cost of production.

The judge would stop him, saying in substance, "the law refuses to consider either value or manufacturing cost. We simply want to know what American wholesalers charge for this article. Whatever they charge is by law the basis upon which the importer must pay duty." What does John Smith, the price fixer, charge; that is the question.

As everyone knows that protection rests, morally and economically upon the facts of production, wages, and costs, it seems monstrous to suggest that Congress tear it from these foundations, carry it off and drop it upon a secondary occupation, merchandising, and the shifting prices of wholesalers.

By eliminating value and depending upon prices only, this new clause is the greatest buttress and incentive to price fixing that any Government in a generation has dreamed of making.

Prices often have nothing to do with value. To-day our farmers are selling their wheat in Europe to net them about 80 cents per bushel, being less than fair value. And when they take this 80 cents to our stores they find prices of the other sort so high that the 80 cents is worth only about 50 cents.

If you build this tariff wall high, you shut the foreigners out and at the same time you shut us all in and make the general consuming public the victims of circumstances and the domestic manufacturers.

It seems to us pertinent to note that some of our domestic manufacturers have in the past sold their goods at 30, 40, 50, and rarely 60 per cent less price to the foreign consumer than to the American consumer. They call it "dumping." I dumped all my life, but mostly within the United States. When I dumped at 10 and 15 discount, I got down to the bone. When anybody takes 30 to 50 off he is not dumping; he is making five profits off his fellow countrymen through price fixing behind the tariff wall, and selling abroad at a single profit or cost.

That has not been done much recently, but I have evidence that Elgin, Waltham, and other watches were sold abroad so cheaply that they were brought back by those who bought them over there and retailed in this country at about one-third of the prices demanded in the stores of this country supplied directly from the watch companies.

American nails have been reimported at a saving of one-third.

A great manufacturer of hardware said to me, "We ship wood screws abroad at one-half the price we charge our domestic people. It is all wrong; the tariff should not let us do that."

Borax was shipped abroad at one-third the American price because the tariff was 5 cents a pound when it should not have been anything at all. The foreigner got his borax at $2\frac{1}{2}$ cents, and the American got his borax at $2\frac{1}{2}$ cents plus 5 cents tariff, or $7\frac{1}{2}$ cents.

A great chemist told me that some chemicals were shipped abroad at one-third of the domestic price.

A pipe-fitter's tool, called a pipe expander, is shipped abroad today at 45 per cent less than it costs domestic consumers.

Files used to be shipped abroad at 40 per cent less than domestic prices, now 20 per cent less.

Senator SIMMONS. I understood you to say, Mr. Miles, that in these cases the exporter from this country, the manufacturer, makes a good profit?

Mr. MILES. We do not know what profit. But we have a great suspicion that when 25 per cent of all the files that are made in the United States go abroad at the international price that has run variously from 40 per cent under domestic prices in the past to 20 per cent less now, that there is no loss on exports, and if no loss at 40 off you can guess what is the profit on those sold here.

Senator SIMMONS. I have some idea of what he makes at home. I was just trying to find out whether he was making anything on his shipments abroad. I assume you knew he was or he would not be sending them abroad, as it would be better to let them rust than to sell at a loss.

Mr. MILES. I have had rather wide experience in that sort of thing. In manufacturing there are two ways of making money according to the season of the year: One is to make the usual profit; the other is to stop losses.

My factory cost \$20,000 a month when idle, and my job during off-season months was to sell enough goods so that instead of losing \$20,000 I lost only \$10,000 or \$5,000. My business was competitive. I could cut prices in this case 10 to 15 per cent only. Those who can give 30 to 40, and more, per cent off domestic net prices, on investigation, are always found to be in price agreements and making excessive profits under excessive tariff rates. Only the tariff enables them to.

I have a letter from a file man offering files for export at 20 per cent off the domestic prices. Asked for a further discount, he says, "No. If I made this further 20 per cent discount here at home my factory would be so filled with orders that I would not know what to do. I won't go further for export orders."

Take aluminum. The aluminum company that started in this country with almost no capital has accumulated, I understand, \$70,000,000 in a few years. Its price was 24 cents a pound until

recently, now 21 cents, while aluminum costing the same to make in England is 15 cents a pound. The "domestic prices clause," paragraph 402, would assess the duty on the 21 cents American price and not the 15 cents international price if this rate were ad valorem.

Here is a piece of woolen goods for men's suits costing \$1.71 at an English factory and duty paid in the United States \$2.89, and what do you think the American price of the competing article is? Two dollars and eighty-five cents, or just 4 cents less than the foreign article.

The domestic prices clause by assessing the duty on this \$2.85 would make the price of the next import \$3.40 instead of \$2.89, when we might expect the price of the domestic article to go to \$3.25.

I believe from reliable men that I can not question that the woolen people get together and fix their prices; and that at a certain time they were gathered around a big table, each maker putting his prices just as high as he dared, when their leader added 50 cents to \$1 a yard to each price.

If you will look back for 15 or 20 years you will find the price of domestic woolens to be the foreign price plus substantially the tariff. I know that was so in steel for many years. I bought steel in hundreds of tons and occasionally in thousands of tons. I got quotations from Belgium from year to year, and my American price was the Belgian price plus the high duty, and sometimes plus the freight to New York. During the same years American steel was exported at the Belgian or international price.

Our only contention to-day is that Congress should be very careful not to support that kind of high domestic and low foreign prices, and American valuation does support it supremely. So do high tariff rates, as for 20 years past.

American valuation presents unlimited opportunity for fraud. An appraiser could judge a comparable import by comparison with almost anything presented to him by an interested manufacturer or importer, assess the duty too high or too low, and if brought into court say he did not remember the comparable domestic article upon which his judgment was based; that he did the best he could. The unusually high character of our appraisers should not be thus tempted.

With noncomparable imports will come innumerable lawsuits, in which any domestic manufacturer of a like article can be summoned as a witness with his cost books and made to reveal his costs in open court, with disastrous results.

If we follow this seductive goddess with the assumed name, American Valuation, we will be like the cottonseed-oil men, with their \$400,000,000 business, who asked for protection in the emergency tariff from soya-bean and other oriental oils, and now, after six months' experience, unanimously tell you that their protection, like a bomb, "has busted in their faces," destroyed their export business, lowered their domestic prices, brought retaliation abroad, and must be withdrawn at once in behalf of the farmers of the South and North alike. Our people will not eat these oriental oils. We use them in soaps, thereby making soaps cheap. Now that our soap makers can not import them, Europe gets them at her own price without competition, and her people, with less fastidious tastes, eat them, and because of the price refuse to buy our cottonseed oil and lard. We would have to have another tariff revision within a year.

Now comes a proposal from those who are determined to get the miscalled American valuation joker into the law one way or another that the duty be levied on the wholesale price of the imported article in this country.

Were it not that these people never offer an apparently innocent innovation except as they have figured out an evil use for it (as when they made the domestic prices clause in section 402 of the House bill cover two billions of additional expense to the public, and camouflaged it with the pretty words "American valuation") this would seem to be the greatest joke in American tariff history. Nothing more amusing and interesting than to follow such a provision after its enactment, were enactment possible, and for this reason: Consumers do not spend their money for bar iron, pig lead, or other crude products that mostly carry specific rates. Their money goes for three major requirements, food, shelter, and the highly manufactured products ready for consumption which are found in our retail stores and take most of the ad valorem rates which alone are affected by this newly proposed domestic prices clause.

Only 2.7 per cent of these store supplies are imported (see p. 5405, column 6), and three-fourths of this 2.7 per cent is noncomparable and noncompetitive, being imported because different in design or quality. To base protection on that 2.7 per cent is to put a price on a horse that some one may know what a cow is worth, or to price chickens so as to determine the value of geese. Will common table and kitchen cutlery—of which none comes in and 48 per cent of all domestic production was exported in 1919 and more in 1920—and shears, on which we control the world, be on the free list, because little or none is imported normally, or will they take the high duties to be paid on fine penknives and carving sets, because all these are cutlery, and the latter need considerable protection? Or will our tariff artists arrange to have some of these commonly used things imported so as to establish rates on them, thereby reminding us of that shipload of petroleum products that came in when petroleum products were on the free list under the Dingley law. The shipment almost entered free; but some one on watch halted it. It was assessed 99 per cent, was sold at auction, buyer unknown, and thereafter, with petroleum products still on the free list, paid 99 per cent duty while the Dingley law lasted.

Will cheap cottons, of which we exported \$320,000,000 in 1920, be free until some one sends in 1,000 yards, or will they be covered by the relatively high duties required by weavers of fancy patterns?

Real protectionists care little about the 2.7 per cent of novelty importations or the few dollars of duty collectible thereon. They care everything about the 97.3 per cent of staples that we produce here, and are coming to export in billions of dollars. Real protectionists support the pledge of the Republican Party in 1908 that duties shall rest on costs of production and differences in such costs here and abroad. It is in fear of the honest enactment of such a tariff that strange folk now offer incomprehensible new alternatives.

Again, these 2.7 per cent imports are novelties, ever changing, the latest foreign styles, sometimes not a month old. How can any, not to say every, customhouse be prepared to assess such new creations; or would they hold them indefinitely, physically or under bonds, and let weary weeks of controversy determine final settlement?

There are different sorts of importers, wholesalers, retailers, factors who get very small commissions, and private buyers who will not resell. To determine a single rate and which rate for each of these would be a gamble.

Lastly, values differ in different ports of entry. Which port shall rule, or shall the decision go by lot or by percentages of receipts?

And all these and other troubles instead of assessing on cost as for 150 years with entire ease!

At the end of every financial depression, like the present, come three to five years of heavy purchasing, when the public replaces what it has worn out during the years of bad times. Factories can not begin to fill orders. Prices soar. The American valuation clause would raise the duties to the skies in these years.

It will be answered that present duties are assessed on foreign prices. True, but they are international or world prices, and world combinations and world price fixing are generally impossible.

I would give as one of the greatest reasons in the world for the foreign valuation that the international price is always the lowest price in the world, the most stable, and not unusually 10 per cent below standard prices. They are the nearest that can be gotten in the realm of prices to the cost of production theory that protectionists profess. The export price to-day in free-trade England on zinc and lead is 10 per cent under the domestic price.

The rates, as printed in the Fordney bill are low. They gave hope of lower cost of living, of greater purchasing power of money and labor, and of factories getting busy again, but when these rates as written in the bill came to be tested out by applying them to actual American prices they were found to be from two to four times higher than our present tariff rates. When we see billions added to prices by this valuation clause, we see why some manufacturers got the House to give it to them.

I have no doubt of the verdict of the very able body of experts who are studying American valuation for you nor of your final rejection of this scheme.

Senator McLEAN. You would fix your rate on the foreign valuation?

Mr. MILES. Absolutely.

Senator McLEAN. Then you would give us protection against low cost of production by equalizing the depreciation of the currency?

Mr. MILES. Yes, Senator, that or some other selective remedy like one of the Smoot amendments.

Senator McLEAN. How would you give us protection against Japan, which is a low-cost country with currency at par?

Mr. MILES. Careful analysis has been made of the Japanese situation. In the year 1919 Japan sent us \$409,000,000 of imports; 66 per cent of which was tea and raw silk—that we will certainly not worry about.

Her free and specific duty goods, not subject to American valuation, amounted to \$358,000,000, leaving only \$51,000,000 to consider.

Senator LA FOLLETTE. What year was that, Mr. Miles?

Mr. MILES. That was 1919. Then \$31,000,000 comes out of the \$51,000,000 as noncomparable manufactures of silk—that is, habutai

and stuff we do not make. That leaves only \$20,000,000 of business that we can worry about. Of this residue of \$20,000,000 more than half is foods and materials for use of Japanese residents here and works of art. This gets us down to \$10,000,000.

Senator McLEAN. Your argument is we do not need any protection against low cost of production in Japan?

Mr. MILES. I would have the tariff high enough against every country, including Japan, but I would not shape my whole American tariff in fear of Japanese trade. Why pick out the Japanese?

Senator McLEAN. I pick out the Japanese because they have low cost of production while the currency is at par.

Mr. MILES. Costs of production in Japan are not very low on competing things. The Tariff Commission tells us Japan's wages are one-sixth of ours; but their relative inefficiency is so great as to bring their wage up to two-thirds of ours, and that most of this one-third is lost because when you have to employ 100 men to do the work of 25 you have a tremendous general loss. A fair tariff against other countries will cover Japan. Take silk, for instance.

Silks: In 1914 only 18.5 per cent of the factory selling price of all silk products went to labor, and 22.7 per cent if we include salaries with labor; and yet the tariff was 50.5 per cent, or two and three-quarters times the total wages in the mills. In 1919 wages were only 15.7 per cent, with the duty averaging 42.6 per cent, or still two and three-quarters times the total wages. As the raw silk is half the total cost of silk cloth and raw silk costs the same the world over, this 42.6 per cent applies only to the other half of the foreigner's price representing his labor, overhead, and profit, and becomes twice that, or 85.2 per cent of protection on all these differentials. A wicked superprotection, and yet the silk manufacturers ask Congress now to make it 110 per cent. In silk cloth about 30 per cent of the selling price is labor. The protection given the silk mills in 1919 was \$205,000,000, and the Fordney bill would make it upwards of \$230,000,000, all of which amounts would be doubled in reaching the consumers. And to-day not a yard of ordinary competing silk is imported except *habutai*, a lining from Japan, and Shantung silk from China, both so cheap and poor that our manufacturers do not care to make them. Against this grant to the manufacturers the customs revenues brought in only about \$20,000,000 in 1919, and \$23,000,000 in 1920 on silks.

The House bill restores the Payne wording for silk cloth, which is so complicated and involved as to put unnecessary labor upon customs officials, and make it difficult for the importer to know in advance what his duty will be. It is the longest and most complicated tariff paragraph in any tariff in the world. Those who got it in did so for no patriotic purpose. The paragraph in the present law covering silk cloth is four lines, or five-eighths of an inch; the House wording will take 15 inches, similarly printed.

I have spoken of the efficiency of American labor, the cheapest in the world in many trades on quantity production. I have asked leading labor leaders of the United States if they want us to take the position that American labor must be a special burden on the people in order to keep up American standards. Their feeling, so far as I learn, is that they want to emphasize the contrary—not the efficiency

of American labor by itself necessarily, but backed by the inventive genius and the management of American industry.

Let us emphasize that when protection is high enough to enable an industry to pay standard American wages that is as far as it can go to help labor. If you go beyond that you simply make a present to the manufacturer and hurt the laboring man correspondingly.

Mr. Fordney is declaring that labor is 90 per cent of the cost of production. Labor was 90 per cent, maybe, before the days of steam and machinery, but to-day I understand from experts who have spent years studying factories, that labor, with only enough exceptions to prove the rule, is only about one-half of the total cost from mother earth to finished product. So you can make rates one-half what they were when labor was 90 per cent of the cost and give labor the same protection that it got before. In each industry, as you go through the United States, experienced men who are doing it all the time tell me that labor is one-tenth to one-fifth of the selling price of the product. Furthermore, the reports of the industries themselves to the Bureau of the Census so show.

Senator SIMMONS. What is that statement?

Mr. MILES. That the item of labor in each industry is one-tenth to one-fifth of the selling price of the product, with few exceptions, as indicated for 29 industries in column 8 of table on pages 5408-5411 and for 15 years in the table on page 5375.

Senator SIMMONS. You mean the retail selling price?

Mr. MILES. No, sir; 10 to 20 per cent of the factory selling price.

The CHAIRMAN. You say, then, that the labor in articles that would sell for \$10 would run all the way from \$1 to \$2?

Mr. MILES. From mother earth to highly finished articles like those in department stores it would be 50 per cent, sometimes more and sometimes less, but seldom more than 50 per cent. Labor in each industry by itself is from 10 to 20 per cent of the factory selling price. Labor in the cotton mill is often less, and seldom over 20 per cent of the factory selling price of the product.

Cotton duck is 80 per cent material, 10 per cent overhead and only 10 per cent labor; sheeting, 70 per cent material, 15 per cent overhead and 15 per cent labor; print cloths 60 per cent material, 20 per cent overhead and 20 per cent labor; fine lawns 40 per cent material, 30 per cent overhead, and 30 per cent labor. On all these cottons up to print cloths our labor is cheaper or as cheap per yard as any in Europe. I have a list of wages tabulated by special courtesy of the Census Bureau giving the per cent of wages to the factory selling price.

Senator LA FOLLETTE. Are we going to have the benefit of that in the record?

Mr. MILES. Yes. Here are some: Sugar, 2.7; linseed oil, 2.4; gloves, 17.2; glass and glassware, 28; woolens, silks, and cottons, about 18; carpets, 20; clocks and watches, 38; cutlery, 32; musical instruments, 25.5, etc. (See tables, pp. 5408-5411, column 8.)

Senator LA FOLLETTE. How is it on shoes?

Mr. MILES. The labor in tanning the leather is 17 per cent. As the leather is only 60 per cent of the shoe, 10 per cent of the labor in the shoe is tanning. The labor in the shoe factory is 25 per cent. So that from the green hide from the steer's back to the shoe on your

foot it is 35 per cent labor. That leaves 15 per cent for growing the hide on the steer and incidental labor items before you reach the 50 per cent mentioned as total labor from mother earth to finished product; and so in many other high-grade products.

The labor in converting the thin steel sheets into tinware for kitchen use is about 19 per cent. I do not know the wage per cents in prior processes. They are correspondingly low.

Senator SMOOT. I do not know what rates you have on woolen goods.

Mr. MILES. Senator Gooding tells me his experts found that wool is 60 per cent of the cost, leaving 40 per cent for labor and all other conversion costs.

Senator SMOOT. It would have to be pretty plain goods to be 40 per cent.

Mr. MILES. I only know the labor costs.

I make, in passing, the tremendously important point that in textiles in general the cost of material is about one-half the factory selling price of the product. Silk and cotton cost the same the world over; while with wool, we have a compensatory duty.

So that any protection given textiles applies only to the half of the product not represented by materials, and a 30 per cent tariff, for instance, on the finished article, being 30 per cent on the material, overhead, wages, and profit of the foreign manufacturer, is twice that, or 60 per cent, on all items of difference, being labor, overhead, and profit. The Payne bill gave the woolen people 95 per cent, which was 190 per cent on all differentials of labor, overhead, and profit. The only "look-in" a wage earner got on that was when he bought a suit of clothes 40 per cent cotton, 30 per cent shoddy, and 30 per cent defective wool from his wages of \$9 for a long week's work. To-day the silk duty averages 85.6 per cent on differentials and the wool duty is worse.

The tariff percentage for 25 years has often been from two to ten times as much as the domestic wage per cent in the industry. The censuses of 1904, 1909, and 1914 show substantially identical conditions in this respect, with post-war 1919 still worse for labor.

A study of 26 of the necessities of life manufactured by great price-fixing aggregations in 1908, published by the National Association of Agricultural Implement and Vehicle Manufacturers showed this same disparity between tariff rates at that time and wages, with extremes as illustrated in the following table:

Merchandise.	Per cent of duty under Payne Act.	Per cent of wage cost of manufacture (census of 1904).	Value of products (census of 1904).
Linseed oil.....	37.5	3	\$27,577,152
Sugar.....	71	3	277,285,499
Glucose.....	55	7	24,556,932
Chemicals.....	52-80	14	75,222,000
Woolens.....	55-220	18	319,348,000
Asphalt.....	28-36		
Salt.....	82½	22	9,438,000
Cement.....	25	30	29,873,000
Cottons.....	30-60	21	450,468,000
Silks.....	60-100	20	133,288,000

Such duties are never levied for wage earners. The wages in some of these industries are inversely as the amount of protection given. When cottons, silks, and woollens were protected as above their labor was among the lowest paid in America, \$7 to \$9 per week of long hours, with from 80.5 per cent of the workers in woollens to 92.8 per cent in silk foreign born, as shown in this table from a Rhode Island bluebook. Such duties are for the stockholders only.

[From Twenty-second Report Industrial Statistics Rhode Island, 1908.]

Industry.	Average weekly earnings.	Per cent foreign-born operators.	Per cent American.
Woolen and worsted goods.....	\$8-\$9	80.5	19.5
Cotton goods.....	7-8	86.2	13.8
Silk and silk goods.....	7-8	92.8	7.2
Rubber and rubber goods.....	8-9	70	30
Jewelry.....	10-11		
Average all industries.....	10-11		

The above tariff rates and wages are typical of the boasted days of the highest tariffs any plunderbund in any modern nation ever put over. If we want now to help labor let us deflate the tariff and thereby increase his purchasing power 15 or 20 per cent.

Glucose is typical; a trust with a 7 per cent wage cost using its 55 per cent protection against the domestic consumption of \$21,000,000; shipping abroad \$3,500,000 at international prices, made of Illinois corn, the cheapest food material in the world. So of salt with 82½ per cent protection; asphalt with 30 per cent; and cement with 25 per cent.

Here is another table showing that under the high Dingley tariff in 1904-1919 there was usually no relation between wages and the tariff.

Average ad valorem rates under the Dingley tariff law in 1904 and 1909, compared with per cent of wages and wages and salaries combined to production in various groups of articles. Wages vary from one-half to one-tenth of the protective tariff rate.

Articles.	Average ad valorem rates, Dingley law.		Per cent of wages, etc., to production.			
			1904		1909	
	Imports, 1904. ¹	Imports, 1909. ¹	Wages.	All services.	Wages.	All services.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Cotton, manufactures (not including carpets, handkerchiefs, and wearing apparel)	52.8	52.4	21.4	23.6	21.1	24.4
Cutlery and edge tools.....	64.1	63.7	33.6	40.6	33.0	40.9
Lead and manufactures.....	82.9	83.4	2.9	3.6	3.4	4.4
Silk, manufactures (not including handkerchiefs and wearing apparel).....	52.5	52.2	20.1	23.6	19.6	23.4
Wool, manufactures (not including carpets and wearing apparel, but including felt goods).....	100.2	98.8	17.9	20.0	16.6	18.9
Cement.....	24.2	20.6	29.5	35.7	24.2	30.0
Earthen, stone, and china ware.....	58.9	58.7	39.5	45.4	39.3	45.8
Hosiery and knit goods.....	63.5	62.4	23.0	26.3	22.4	26.2
Electrical machinery, apparatus, and supplies.....	(*)	(*)	22.6	30.5	22.3	31.4
Gloves and mittens, leather.....	54.3	50.2	21.7	24.9	20.1	25.5

¹ Fiscal year.

² Not separately enumerated.

Average ad valorem rates under the Dingley tariff law in 1904 and 1909, compared with per cent of wages and wages and salaries combined to production in various groups of articles. Wages vary from one-half to one-tenth of the protective tariff rate—Continued.

Articles.	Average ad valorem rates, Dingley law.		Per cent of wages, etc., to production.			
			1904		1909	
	Imports, 1904.	Imports, 1909.	Wages.	All services.	Wages.	All services.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Files.....	70.0	79.4	34.5	38.3	34.8	40.7
Sugar, refined and other.....	75.4	60.8	2.7	3.5	2.7	3.5
Salt.....	41.2	41.3	21.9	27.1	22.3	28.7
Linseed oil.....	43.6	42.4	2.9	4.4	2.4	4.5
Buttons.....	49.1	51.2	33.1	39.4	29.9	35.6
Glassware.....	61.2	54.1	42.2	47.4	38.4	44.8
Butter.....	25.3	27.1	5.0	5.8	4.0	5.3
Oilcloth and linoleum.....	53.5	51.6	13.2	15.6	12.1	14.9
Paints and varnishes.....	33.2	31.3	6.9	13.1	6.6	14.9
Automobiles and parts of.....	45.0	45.0	23.8	28.0	19.5	23.3
Clocks and watches.....	36.3	37.5	39.9	45.4	36.8	42.9
Glucose and starch.....	43.8	55.9	8.0	10.1	5.5	8.3
	58.5	64.3				
India rubber, manufactures.....	31.2	30.6	13.5	16.6	12.5	16.6
Chocolate and cocoa products.....	27.2	21.1	5.7	8.9	5.7	10.1
Corsets:						
Cotton.....	50.0	50.0	24.2	31.0	19.4	28.1
Linen, silk, and cotton lace.....	60.0	60.0				
Linen and silk.....	45.0	45.0				
Umbrellas and canes.....	44.2	47.1	13.7	17.3	14.2	19.9
Wire and wire work.....	42.4	41.9	12.6	16.7	13.2	17.0
Carpets and rugs (other than rag).....	64.5	61.7	22.3	24.6	21.8	24.9
Musical instruments.....	45.0	45.0	28.3	34.0	25.5	31.9
Phonographs and graphophones.....	(*)	(*)	16.5	22.7	24.2	32.2
Fibers, vegetable, and manufactures of (not including carpets and wearing ap- parel).....	35.2	37.3	10.5	12.6	10.4	13.0

² Not separately enumerated.

Labor is charged with profiteering during the war. Our analysis of 29 industries shows average price advances of 260 per cent from pre-war 1914 to postwar 1919. Labor did not keep pace with these advances on its manufactured necessities by a great deal. The averages at the foot of column 8, page 5411, show that labor got 20 per cent of the factory selling price of the product in these highly finished industries in 1914 and only 16.9 per cent in 1919.

There is another thing about our relative efficiency of labor. Democracy now covers the earth, and democracy means high wages. Wages have gone up enormously in foreign countries, Germany excepted, and working conditions improved. Even German prices advanced 35 per cent in October and 22 per cent in November last. American merchandise to-day is not being exported at the extreme special reductions from domestic prices of pre-war days, because foreign costs are relatively much higher, while quality has deteriorated because of the deaths and demoralization of the war.

In one year since the war \$80,000,000 of English cotton-goods contracts were taken to an arbitration tribunal in New York City because the English workers have lost so much of their morale and skill in the long period of the war.

The CHAIRMAN. Suppose some one should put a plant in Germany to manufacture there. There is no question about the efficiency of the

German labor, their being industrious and efficient, and working long hours.

Mr. MILES. A man would be crazy to invest in a German factory subject to her national debt and other conditions. A dependable banker and manufacturer tells me that one of the best known corporations in America has just closed its German factory because it can not afford to produce there; the morale and skill has so deteriorated. As a rule, I believe the German labor is very cheap and very efficient, and I would make the point in passing that instead of our putting up a higher tariff wall than necessary against them and making ourselves as different as we can, that so far as protection allows we get our feet on the ground, take three to five billion dollars out of our cost of living, and therefore out of the cost of production, and prepare to meet German efficiency with efficiency.

A big Rochester manufacturer just back from Germany says that German labor unions have done away with all limitation of hours, and that German workmen are glad to work 12 to 14 hours daily at low prices, saying, "We lost the war; we are now going to conquer the world by industrial superiority. We almost did this before." The United States must get its costs and its prices down and meet Germany industrially as it met her in war, but good-naturedly now. We can not leave the open markets of the world to her and retire behind a Chinese wall.

The CHAIRMAN. You just now made the statement that on account of our present tariff, which is the Underwood-Simmons bill, we are imposing upon the American people a burden of over \$4,000,000,000.

Mr. MILES. Yes. There may be some wretchedly low rates not justified because so low, but I know where three or four billion dollars beyond fair protection are imposed upon the public. Remember that one and a half billions given in the law to manufacturers becomes three billions at retail to consumers, and two billions become four billions to consumers. Then you see that my estimate is conservative, though the burden is great indeed.

It is not a matter of party. There never was a worse tariff than the Wilson Democratic tariff which Cleveland would not sign, unless it was some Republican tariff so like it that you can not distinguish one from the other. The Wilson law lowered the duties in the Republican McKinley law only 4 per cent. Many Underwood rates are so near the Payne as to be very excessive, as our analysis will show, yet we must be glad that they are usually lower than the Payne.

Cotton goods: No other country excels the United States in the production of cheap and medium-priced cotton goods.

The statement of the Federal Tariff Board in 1912 holds good to-day: "Although labor costs in the cotton industry are in many cases lower in the United States than in England, yet the actual hourly earnings in this country, are, in most of the principal occupations, much greater." In July, 1911, "in the case of plain goods the American price at the mill was in no case much above the English mill price, while in the majority of cases it was lower * * *. In the case of fancy goods, however, where the looms tended are necessarily less, the American mill prices were in most cases higher than the English."

In the United States each operator runs from 20 to 24 looms on ordinary print cloths, sheetings, and heavier materials, and from 12

to 18 looms on medium fine cloths of 40 to 50 counts, and 4 to 8 looms on fancy cloths. In England an operator runs only half as many looms or less in each class.

The cotton rates in 1912 often far exceeded the total cost of converting raw cotton into cloth. To-day it equals this cost on print cloths and coarser.

The entire amount that went to wage earners in American cotton mills, according to their own report in the census of 1914, was 21.7 per cent of the mill's selling price of the product. And yet the tariff was 54.2 per cent under the old Payne law, which terminated in October, 1914.

In 1919 the percentage going to labor was 16.3 per cent, while the tariff was just twice this, or 34.2 per cent. Think of protection being twice the total pay roll when two-thirds of the 6,000,000,000 yards produced, being print cloths and coarser, need no protection and finer grades only moderate protection. Per week English labor in cotton factories is cheaper than ours; per yard it is higher on sheeting and print cloths.

Of America's 691,738 looms, 355,000, or 51 per cent, are automatic, and less than 10 per cent of England's. This is not all indicative of England's lack of initiative. It shows that she makes finer goods than we. We make more yards and more pounds of cloth with our 36,000,000 spindles than England with her 58,000,000.

The total product of our cotton mills—not including carpets, handkerchiefs, and wearing apparel—in 1914 was \$701,000,000, as charged out by the manufacturers. In 1919 it was \$2,188,000,000, or three times the price of 1914, the increase being possibly half to two-thirds, due to increase in quantity and the advance in the price of raw cottons. The rest was an increase in price only. This increase shows what this or any other industry naturally does when a war or the tariff or anything else shuts out foreign competition. It is a fundamental duty of Congress not to contribute to these price advances by unnecessarily high tariffs.

Exports, cotton goods: In 1914, \$41,000,000; in 1919, \$219,000,000; in 1920, \$321,000,000. This shows a growing command of foreign markets and competition.

Imports, cottons: In 1914, \$61,000,000; in 1919, \$46,000,000; in 1920, \$107,000,000. Our exports of cotton cloth increased from 6 per cent in 1914 to 16 per cent in 1920, while imports were 3.4 per cent of domestic production in 1914, and only 3.5 per cent in 1920.

The wonder about imports is that they are almost entirely non-competitive, being novelties in quality or design. Three weeks' investigation failed to find in New York City a single imported piece of cotton cloth retailing at 40 cents per yard or less, and duplicating any domestic product. Our cotton manufacturers have to-day a virtual embargo on importations, and can charge the domestic consumer whatever they like up to the top of the tariff wall. To-day they are exporting many qualities at domestic prices. On the other hand, on all American cloths which are subject to foreign competition, being especially the finer qualities, American prices for many years seem to have always stood at a level just below foreign prices plus the tariff. This supports the statement of the Tariff Commission that in all industries the tendency of domestic prices is at least

to equal foreign prices plus the duty. This shows that the Congress of the United States is a partner in high prices in every industry to which it gives any higher rates than protection requires, accurately figured.

The excuse for high rates on finer cottons that they are luxuries is often cruelly false. Cotton is the cheapest cloth in the world, the finer qualities are necessary for underwear, for clothing babies, for handkerchiefs, and, in hot climates, are necessary to health.

America's genius for quantity production is seen in cottons, as elsewhere. Our trade unions are more liberal than those in England, our competitor. The cotton industry could well take rank with shoes, agricultural implements, typewriters, etc., on the free list for coarse and medium goods with a moderate tariff upon finer goods. Thus would the public be assured of fair prices, and the industry still further extend itself in foreign markets.

The Fordney bill or the Senate bill, if its rates are as high as the Payne, would give the cotton people \$769,000,000.

Government revenue, cottons: On the $3\frac{1}{2}$ per cent of our requirements that were imported the Government collected in revenue only \$15,600,000 in 1919 and \$32,400,000 in 1920. Contrast these collections with the cost to the public. Can it be endured? Fifteen millions of revenue against a possible billion and a quarter of price increases.

Senator SIMMONS. I think you said a little while ago that in the cotton industry the only difference in cost here and in Great Britain was a difference in the labor cost, if any; that the material cost was practically the same thing.

Mr. MILES. The cotton is the same, except a handicap of about 5 per cent in freight and handling against England now that ocean charges are so high.

Senator SIMMONS. And wool is the same?

Mr. MILES. Except for the compensatory emergency tariff.

Senator SMOOT. I want to say to you that there is not a mill in the world that can take scoured wool and produce it into a finished piece of cloth for 20 per cent.

Mr. MILES. Surely not. I speak of the wage item only. The labor cost only is 20 per cent of the factory selling price, as declared by several manufacturers, by as high an authority as New England possesses, by a leading manufacturer in 1908, and shown by the Massachusetts Bluebook of about 1905 and the United States census reports for 15 years.

The CHAIRMAN. I think you can inferentially assume that some one, at least, had the idea of making the tariff measure the difference in the cost of labor. The difference in the cost of labor is merely one evidence in determining the cost of production. I think the true basis on which everyone agrees will be what it costs to produce that thing, bring it over to the United States and put it onto the market here, and what the American manufacturer's cost would be to do the same thing, and that would include, of course, labor; it would include the matter of machinery and efficiency of labor—all of those elements would go into that determination?

Mr. MILES. Labor is simply the major element.

Senator FRELINGHUYSEN. And raw material?

The CHAIRMAN. And raw material, and everything; that is simply one of the elements.

Mr. MILES. Machinery and buildings often cost less abroad; incidentals of operation are less and superintendence. The difference in these costs are little indeed when applied to the yard or pound produced. They are usually offset by our greater production and genius for quantity.

Mr. Fordney says that the purpose of any tariff rate is to raise the foreign prices to our prices.

The United States Tariff Commission says that the tendency on any article that is continuously imported in any considerable quantity and is made both here and abroad is to make the domestic price at least equal the foreign price plus the duty. Wide investigation shows this, and makes excessive rates largely responsible for present living costs.

On this basis, the tariff on cotton goods being 34.2 per cent, if the manufacturers use their tariff—if they use it—the American price is 134 per cent of the foreign price, which makes the protection given to our cotton manufacturers in 1914 \$246,000,000 and in 1919 \$557,000,000, which amounts would be about doubled on reaching the consumer at retail.

I have shown you that some cottons are shipped abroad at the American price, the manufacturers not using the duty. It remains a question whether the Congress should authorize these manufacturers to add tens or hundreds of millions to their prices if they can by combinations or otherwise, even if they do not add it. Under the present law Congress authorizes the cotton manufacturers to make their prices \$557,000,000 above foreign competition, which sum would become something like a billion dollars on reaching the consumer, if retail prices are twice the manufacturer's price.

Senator McLEAN. That is in the cotton industry alone?

Mr. MILES. That is the cost to consumers authorized by Congress in the cotton industry alone—a billion dollars. The manufacturers do not put it all on. On some cheap goods they put nothing on, but that is no reason for Congress giving the opportunity to put it on. The cost authorized by Congress on each of 29 industries is shown in column 11 of table on pages 5408-5411. (See also table, p. 5404.) I was so shocked when these figures appeared that I had them and the basis of their computation widely considered, and no one would change them.

When we come to glassware, chinaware, woolens, and many other industries, especially in good times, we often see manufacturers put substantially all of their protection on.

The woolen-goods industry is prosperous. It has not suffered in the present depression proportionately to other industries.

The tariff is supposed to be primarily for the wage earner. The total per cent of the factory selling price in woolen factories, according to their own reports to the Census Bureau, in 1914 that went to wages was only 19.8 per cent; and yet the tariff, being the Payne rate, averaged in that year 95 per cent, or four and three-quarters times the total wage per cent. The per cents going to labor in 1905 and 1909 was even less than in 1914. Can anyone conceive of 95 per cent protection as justified against a wage per cent of 19.8 per cent? For tariff rates to equal the total per cent of the American producers' sales prices that goes to wages means that the foreign

producer, after paying for all his materials, wages, factory and office overhead, and adding his profit, must pay for admission into our markets a tariff per cent on all these equal to the entire manufacturing wage per cent of the American producer. Such rates are far in excess of "the difference in cost here and abroad." They sometimes exceed the total American manufacturing cost. These manufacturers are now using their famous and invidious methods with you to double and treble their present rates.

In 1919 labor got 15.6 per cent of the factory selling price, and yet the tariff was 31.6 per cent, or twice the total wage, except that these wage percentages are averages and include some simple processes. The wage percentage on cloth is about 20 per cent of the factory selling price.

Remember that these rates apply on the foreigner's cost of material, labor, and overhead, plus his profit, and that material is half the total cost of production.

Present tariff rates are so high that very little is imported, and domestic makers can and do put their prices where they choose in good times. Investigation in one of the great department stores of the country failed to find a single yard of woolen dress goods from abroad. All the fabrics, plaids, blue serge, etc., for women's dresses were domestic products. Their buyer was just back from Europe without making purchases, because prices there, plus the duty, were prohibitive.

To illustrate, a certain piece of men's wool suiting, costing \$1.71 in England, costs \$2.89 duty paid in New York. The price of a duplicate American product is \$2.85, not because of American costs, as we are compelled to believe, but because the tariff permits of this high price. Under the proposed American valuation clause the duty hereafter would be on the \$2.85 price, which would bring the imported cloth up to \$3.40, when the domestic goods might advance to \$3.25, which would be the basis for the next importation, and so on.

A user of millions of dollars' of men's suitings annually is importing a little from abroad, and could use more, he tells us; but, as with the samples just mentioned, the American product costs the same, and it is more convenient to buy at home. We offer this as evidence of price maintenance behind the tariff wall.

An authority on woolen goods tells us that the average farmer and wage earner is clad in winter in a cotton worsted suit that is 40 per cent cotton, 30 per cent shoddy, and 30 per cent wool; in underwear that is 80 per cent cotton; and a rag-shoddy overcoat. We know that this was substantially true before the war, and will be true again. The advancing price of wool puts a great premium on this adulteration. At best the wool tariff makes doctors' bills for the farmer; not a cent of profit, as we will show.

The specific duty on these mixed goods is 45 cents per pound, the same as if they were all wool. We submit that this is grossly unfair. It gives the manufacturer two-thirds of the weight duty in many cases, sometimes more, which duty is intended for the farmer only. Blanket manufacturers are insisting that blankets of all cotton with a little shoddy be assessed as if all wool.

As against the usual practice for many years of making domestic prices just below foreign prices plus the duty, we find American

factories in dull times making as low prices on some products as England's, and thus showing ability to get along with no duty.

In the normal prewar year 1914 our woolen manufacturers had 94.5 per cent of all domestic business, imports being only 6.5 per cent. In 1919 they had 99.1 per cent of all domestic business. In 1920 they had 97.4 per cent, and imports were in the nature of novelties either in design or quality.

When they ask for greater restrictions on imports, higher duty, and a congressional sanction to further raise their prices, it is time to question whether this country belongs to the people who constitute it or to the manufacturers.

Figuring on the basis of the Tariff Commission's statement that domestic prices tend to at least equal the foreign price plus the duty, it is fairly estimated that the tariff protection granted the wool manufacturers—not including makers of carpets and wearing apparel—in 1914 was \$192,000,000 above foreign prices; in 1919, \$214,000,000; while the Fordney bill would give them \$240,000,000, with all these amounts doubled at retail to the consumer.

Against these enormous sums the Government collected from customs duties on imports of these woolen goods only \$2,900,000 in 1919 and \$8,600,000 in 1920.

These enormous sums to manufacturers, with relatively no return to the Government, were voted on the supposition that they protected the wage earners of the most efficient nation in the world, who got only 20 per cent or less of the factory sales price. The difference in the wage cost per yard produced here and abroad is, of course, only a fraction of the total American wage cost.

The principle of protection is expressed in the declaration of the Republican Party in 1908 that each duty shall measure only "the difference in the cost of production here and abroad," figured with reasonable liberality. It seems impossible that Congress will continue the present charge on woolen goods against the consuming public of over half a billion dollars per year in the face of these figures, and do so only upon the general and interested statements of the would-be beneficiaries, who could easily submit their cost books, and withhold costs only because their submission would enormously reduce their tariff privileges.

The Fair Tariff League includes in its membership representatives of 2,500,000 farmers.

We believe that the farmer, for both moral and economic reasons, must insist that protective rates be moderate both on manufactures and on his own products.

The farmer sells, of necessity, at the lowest prices in the world, being export or world prices. He buys in the dearest market in the world. He sells his wheat in Liverpool at about 80 cents per bushel net and at the same price in the United States. If he could buy his supplies in Europe, many of them under normal conditions would cost him one-third less than in American stores, where imported articles average 50 per cent higher in price than in European stores, because of our tariff. As it is, he too often finds his meager return of 80 cents per bushel depreciated in purchasing power to about 50 cents in this country.

Representing, as he does, 50 per cent of our consuming power, he loses on his purchases \$2,000,000,000, or one-half of the \$4,000,000,000

of the surcharge in domestic prices due to overprotection. He is in no condition to lose this \$2,000,000,000. Strange, indeed, if his leaders permit it to continue in consideration of excessive rates on farm products, which for the most part the farmer can not realize on because not even Providence can make our tariff increase export prices. Will he accept rates almost as worthless as counterfeit dollars and in return fill the pockets of others, undeservedly, with millions of golden eagles?

On wool and sugar, however, as on few things of consequence, the farmer will get the full benefit of tariff rates, however high; also on lemons, nuts, etc., where domestic production is less than the demand. Let us see how wool will help him.

Last year's crop was valued at \$65,000,000. Of domestic requirements 55 per cent are imported. Figuring grease wool at 30 cents a pound at Boston, with 60 per cent shrinkage, we have the following comparison of dutiable and free wool:

	Dutiable.	Free.
Scoured wool, at 75 cents per pound, duty 25 cents per pound.....	\$1.00	\$0.75
Value wool in cloth (allowing waste 36 per cent less 6 per cent recoverable, net 30 per cent).....	1.43	1.07
Mill profit, 8, selling profit 2 (equals 10 per cent).....	.14	.11
Total.....	1.57	1.18
Garment makers' profit and selling expense, 10 per cent.....	.16	.12
Total.....	1.73	1.30
Retailers' profit and selling expense, 50 per cent.....	.87	.65
Total.....	2.60	1.95

Thus a duty of 25 cents per pound costs the consumer 65 cents per pound, an increase of 260 per cent. Each 1 cent of duty per pound on raw wool costs the consumer in clothing 2.6 cents.

Our consumption being 240,000,000 pounds scoured, of which 60,000,000 pounds is imported for clothing and household use, for each 1 cent duty the consumer pays 2.6 cents, or \$6,000,000, of which sum the grower gets \$2,400,000, the Government \$600,000, and manufacturers and dealers \$3,000,000.

At 25 cents per pound duty the public pays \$150,000,000 in order that the woolgrower may get \$60,000,000. The farmers themselves pay \$75,000,000 of this \$150,000,000. At 33 cents per scoured pound duty the cost to the public will be \$198,000,000, of which the woolgrowers would get \$79,200,000, against which the farmers as a whole would pay \$99,000,000 and the rest of the public an equal sum. The Government would realize on imports \$19,800,000. This is the rate, 33 cents, now demanded. It means much to a few woolgrowers, who in turn would vote equally excessive rates right and left to others in agriculture and out. The farmer would then be as deep in the tariff mire as he could get, his resistance gone; getting here only 80 per cent on his outgo, and losing in other fields ten dollars to one of gain.

This estimate is extremely conservative, using percentages of increase, as you see, such as the public might wish for but not customary in fact, as I believe. A widely experienced manufacturer has given you his estimate that this \$60,000,000 of protection on wool would cost the consumer \$250,000,000. If this sum seems excessive,

remember that our clothing costs us at retail in 1919, all material included, \$3,400,000,000, which sum may well account for considerable pyramiding. Personally I think the farmer would pay \$100,000,000 to get his \$60,000,000.

The low percentages used in the above table show how, at best, prices "pyramid." Duties inevitably double and treble to consumers on highly finished products.

Wool is grown on less than 7 per cent of our farms by less than 1 per cent of our population. On many of these farms the clip is inconsiderable. We all wear clothes—110,000,000 of us.

The reason the farmer can not profit from overprotection like manufacturers is that the farmer as consumer must pay half the total cost of the protection, while an industry may be owned by less than a thousand persons, who, on a protection of \$60,000,000, as suggested for wool, would pay back as consumers almost nothing, say, \$50,000.

The farmer puts upon his own back as much wool as he raises. He is therefore only taxing himself. He also pays full wool duties on the 40 per cent of cotton and 30 per cent of shoddy adulteration in his winter clothing—another, say, \$25,000,000 loss.

The clothing industry is suffering from the present business depression worse than any time since the panic of 1893. The public will not pay the prices. Wool is advancing and holding prices up. It must be protected. Specific or clean contents duties are wholly indefensible; for they mean 150 per cent on some wools and 30 per cent on others. A permanent tariff on wool should be on an ad valorem basis. We recommend moderation, suggesting 50 per cent ad valorem as maximum; also, that the farmer weigh on every item of the tariff what he can gain from superprotection and what he will lose.

The world is short of sugar, and yet Cuba, with enormous supplies, is searching desperately for buyers.

World consumption, prewar, was about 20,000,000 short tons, and increasing constantly. At the prewar rate of increase, world consumption would now be about 23,000,000 tons, with production for the year 1921-22 estimated at 18,000,000 tons, leaving a shortage of 5,000,000 tons. The world will still be short some 2,500,000 tons when European production is normal. All who have previously produced sugar profitably should do so now.

Cuban production, however, was adjusted to a 1-cent duty in the United States. Suddenly in the emergency tariff we increased her duty 60 per cent, or 60 cents per 100 pounds, leaving Cuba with the alternative of absorbing this duty, at whatever sacrifice, or bankruptcy. That is, to take half rations at our hands or starve, with warehouses full of sugar and \$50,000,000 or more of sugar debits in New York banks. Europe is too poor to relieve her.

Consumption of refined sugar in the United States, by Willett & Gray's estimate for 1920, is 4,107,328 long tons. Of this we produce here from beets 946,977 tons, and from cane in Louisiana and Texas 272,733; a total of 1,219,750, or 30 per cent of our requirements. Of the remainder, Cuba furnished 1,866,153 tons, being 45 per cent of our consumption; the balance coming from Hawaii, 482,322; from Porto Rico, 373,762; the Philippines, 131,168; and scattering. As these island possessions have free entry, and a 1-cent duty would

protect them against Cuba, the problem concerns only the United States and Cuba.

Cuba's present price for raw sugar delivered at dock in New York, 2.12 cents per pound, or 3.73 duty paid, is not indicative of her cost, but only of her necessity. The present cost, refined, in New York, is 4.37 cents and the market price 4.90 cents. The difference in these last figures covers the refiners' interest on investment and profit. Cuba's prewar wage cost was the highest of any. In her present destitution it is low, presumably.

When, in 1913, with our duty of 1.68 cents on raw sugar of 96° test, we gave Cuba a preferential of 20 per cent from this rate, she at first got all the advantage, because other countries were not prepared to compete on this new basis and we had to buy from her at her own price. This advantage gradually decreased with increasing competition from other countries and among Cuban producers themselves, until at the end of five years Cuba was paying the duty. Experts estimate that now Cuba must absorb, as she is doing, all of the 60 cents additional duty imposed by the emergency tariff, with her loss gradually decreasing for a similar five-year period or less, according to the rapidity with which Europe returns to normal.

Meantime, we are almost ruining Cuba, our fourth best customer and our ward. We are compelling her to contribute greatly and without preparation to the support of our Government, while no American grower is profiting in the least. Her average duty on our goods was 13 per cent during the calendar years 1911 to 1919. Our duty on her sugar during the same period was 35.5 per cent, and now we make it 80 per cent. Whatever the rate of duty, domestic producers as well as Cuban will adjust themselves to it. If the duty is high, marginal producers in Cuba will be ruined. They are not our first care; but we would not destroy them. In her trade with us her imports and exports balance to a nicety; as we stop her export of sugar to us, so we stop her purchases from us. We took last year 75 per cent of her exports and gave her 78 per cent of her imports, or \$500,000,000. She took from us 80 per cent, as much as all South America took.

With a high duty these domestic producers who now make no profit will prosper, while new growers under worse natural conditions will enter the business with many of them barely living on the new duty and crying for more. These last will take the place of those destroyed in Cuba.

The United States Tariff Commission's report No. 9, page 44, which is accepted as an authority by our sugar producers, says that with free trade in sugar production would continue to the extent of in Porto Rico 43.3 per cent, representing 166,990 tons; in Hawaii 48.6 per cent, or 270,500 tons; in domestic beets 56.8 per cent of those reporting. While all prices were relatively high in 1916, they were fairly representative. Using the prices of 1917-18, established by the Food Commission, whose prices approximated closely in respect to costs the relation of normal times, and so may be used with confidence, we find (*ibid.*, p. 44) that the following percentages would have survived free trade in 1918: Beet sugar, domestic, 82 per cent; Hawaii 77.7 per cent; Porto Rico 63.9 per cent. Mr. Spreckles de-

clared that our States that are fit for beet sugar can raise it without protection.

Louisiana is a problem by itself. She requires, for prosperity in sugar culture, a protection of one-half cent above all other States. Her climate is relatively unfit for successful cultivation. Expected frosts in November make her cut her cane before maturity. Her product is fit for molasses and sirups rather than white sugar. She has one partly matured crop per year as against three ripe crops and continuous harvesting in our other cane-sugar areas—the islands.

If the McKinley bonus of one-half cent per pound were restored to Louisiana only, it would cost the public \$2,500,000 on her average crop of 2,500,000 short tons. On the other hand, if all duties are raised this extra one-half cent per pound for Louisiana's sake, it will cost the public \$41,000,000 thus to protect her on a crop which at 4 cents per pound is worth only \$20,000,000, or one-half the cost of this extra duty. Of course, other producers will want the costly procedure, the \$41,000,000, which they will divide.

Louisiana should be encouraged to quit sugar. Instead she asks for a duty high enough to nullify the act of God in making her climate what it is. Her governor has just told you she "might struggle along at 2 cents"—an additional burden to the country, as compared to 1 cent, that would equal four times the full value of her crop.

Although our duty is now 1.6 cents, he says "they can not possibly get out," even where they get their labor for nothing—convict labor, but as good as free, "the same labor, very little difference." With this sort of labor at home, he deplores Cuba's getting some Chinese labor in war time, when we all wanted her to. In our North and West our sugar-beet labor is the worst paid and conditioned there is. Old men, pregnant mothers, and little children, all going down the fields together on their knees, in droves, under a contract overseer.

Gov. Parker says Louisiana raises cotton, rice, hogs, cattle, and sugar on the same farms. Cut out the sugar, giving a three-year bonus meantime. Her farmers are also trying citrus fruits.

Sugar has been described as pure energy. It is a necessary food. It does not impoverish the land. It is entirely elaborated from the carbon in the air and the water in the soil through the action of the sun. For the later processes of growth sugar beets need dry, clear, sunny weather, not too hot. Irrigation, therefore, is especially desirable, as contrasted with rains, making southern California, Colorado, and other dry mountain regions best for beets.

Wisconsin, Michigan, and Ohio are relatively uncertain. In seasons of much rainfall their crops run to large beets with little sugar content. As a Wisconsin man, I can imagine no reason, so far as her farmers go, for protection, because they can and do raise other crops to as good advantage as beets. Likewise, I suppose, in Michigan and Ohio. This would be objected to by the owners of sugar factories only, who have made large investments dependent upon the tariff, and should be considered somewhat like Louisiana.

Protection is necessary as a matter of national sufficiency. We hope that the rates will be as moderate as possible in consideration of our already excessive cost of living, of the development of sugar culture only in regions especially adapted to it, and of Cuba's plight and the value of her trade to us. Competent, disinterested experts

believe we would prosper at 1 cent duty, which would lift Cuba's price nearly that much immediately, and more later, restoring her to health and prosperity.

If the present tariff of 1.6 cents per pound is retained until it becomes effective through general adjustment to it, it will mean an initial cost of the 1.6 cents per pound on our consumption of 4,107,000 long tons, or \$147,200,000, distributed as follows:

To the Government on Cuba's importations.....	\$66,882,923
Other, dutiable.....	1,029,146
To beet growers.....	33,939,655
To Louisiana and Texas cane growers.....	9,774,750
To our island possessions.....	35,568,403

Allowing 5 per cent on this total of \$147,200,000 for refiners' and wholesalers' margins and 30 per cent for retailers the 1.6 cents duty will cost the public \$200,000,000, of which sum the farmers will pay one-half, or \$100,000,000, as consumers of 50 per cent of the country's supplies. All this to get \$34,000,000 to our beet growers and \$9,774,000 to Louisiana and Texas cane growers who ought to quit.

If the rate is made 1 cent per pound (with $\frac{1}{2}$ cent bounty to Louisiana), relying upon the restoration of Europe and coming prosperity here to make consumption and prices normal, the initial cost will be \$82,140,000 plus the bonus, or \$84,640,000, which, with 5 per cent margin to refiners and wholesalers and a further 30 per cent to retailers, will cost the public \$112,000,000, being a saving of \$72,000,000 from the present duty. It would then cost the farmers \$56,000,000 and other citizens as much to get a duty of \$21,212,800 to such of our farmers as raise sugar beets, to care for Louisiana including her bonus, and contribute \$22,000,000 to the prosperity of Hawaii, Porto Rico, and the Philippines, who may congratulate themselves that we pay them this extra 1 cent per pound instead of taxing them 1 cent (a difference of 2 cents) for entrance to our markets, as we would Cuba, that is circumstanced toward us much as they are after all. Any rate much above 1 cent would hasten the annexation of Cuba and make Louisiana soon forget that she ever raised sugar. Annexation gives us the key to the Gulf, command of the Carribean Sea, the gem of the Antilles, the richest sugar fields on earth, and another health resort.

Under the present tariff this figures about like sugar and wool.

Domestic production, 14,300,000 bushels, giving the farmer protection at 20 cents per bushel, amounting to.....	\$2,860,000
Importations, 12,400,000 bushels, giving the Government revenue at 20 cents per bushel.....	2,488,000
The manufacturers converting flaxseed into linseed oil, as previously described, get protection on the oil at 10 cents per gallon, amounting to.....	\$6,427,000
From this they pay the above protection to farmers and on imports.....	5,840,000
Leaving the crushers net.....	1,087,000
Making total protection.....	6,435,000
Add margin to manufacturers converting linseed oil into paints and varnishes, oilcloth, linoleum, etc., 20 per cent.....	1,287,000
Add 50 per cent for wholesalers and retailers.....	3,861,000
Cost of protection to consumers.....	11,583,000

Half of this total, or \$5,791,500, is paid by farmers, who are great consumers of paints, linoleum, and oilcloths, and could use more, in order to get \$2,860,000 of protection to those of their number who raise flaxseed. The Fordney bill would increase the crushers' margin sixfold, with a diminished return to the farmer.

How much better for the farmer to bend his energies to saving his own people the \$2,000,000,000 of tariff overcharges we have described than thus to increase this frightful total by high tariffs on his own or any other products, like the assault, for instance, on the American boy with a 41 per cent Fordney tariff on his peanuts, when production has trebled under a tariff of 18 per cent and now totals \$33,000,000?

Laces: The wage cost in machine-made cotton laces was only 26.3 per cent of the factory selling price in 1914 and 20.7 per cent in 1919, being only 5 per cent more than the average wage cost of other cotton products. Evidently prices advance in proportion to labor where much labor is required, so that ordinary laces and the like need not take exceptionally high duties. Silk and wool laces apparently correspond. If American valuation is to apply to handmade or other laces, a rate of 22.5 per cent will equal the present rate of 60 per cent. Not all laces are luxuries; witness those in the 10-cent stores.

Hosiery and knit goods: I have spoken of this industry as typical of American low-cost quantity production. We are supreme in markets of the world. Chemnitz is the great German hosiery center, and there are store windows in Chemnitz filled with American hosiery. Germany runs almost entirely to cotton goods, while we now use mostly silk, so Germany offers little competition.

American silk hosiery is freely offered in the stores of Paris. We shipped abroad of hosiery and knit goods \$61,373,000 in 1920 and imported only \$5,677,000, or eight one-hundredths of 1 per cent of domestic production.

Senator FRELINGHUYSEN. Have you the figures previous to the war?

Mr. MILES. In 1906 to 1910 our imports of hosiery ran \$6,000,000 to \$7,000,000 a year; in 1912 and 1913 they had gotten down to \$2,700,000, while in the 10 months, January to October, 1921, we imported 550,685 dozen pairs at \$1,160,345 and exported 2,128,741 pairs at \$5,300,000; the exports were, in money, five times the imports. Imports are largely of fancy golf stockings, fancy ladies' figured silk stockings, etc., that we do not make in this country. The low average price of imports, however, indicates considerable imports under depreciated currencies, to be checked as previously suggested.

Pottery, earthen, stone, and china ware: Value of product in 1914, prewar, \$174,750,000; and in 1919, \$292,116,000.

Most of the increase in these figures is an increase in prices only, for the industry is close-knit and is believed to have indulged in price fixing in rather extreme measure.

The tile makers, who were part of this group, were recently sent to jail for price fixing, and another of its organizations has recently been ordered dissolved by the United States court because of its influence in "rigging" prices. Domestic producers controlled 93.7 per cent of the American market in 1914, and 97.5 per cent in 1919, when imports were only 2½ per cent of domestic production. In 1920 imports were 3.8 per cent of domestic consumption. Imports are

noncompetitive, being novelties in design or quality, English, French, and Japanese wares of superior taste or quality. The American breakfast table is less tasteful and pleasing to the eye than it ought to be because of the influence of the almost prohibitive tariffs on many things for a generation past.

Decorated chinaware is figured as follows:

	In Eng- land, per cent.	In United States, per cent.
Labor.....	42	55
Materials and fuel.....	48	35
Profit.....	10	10
Total.....	100	100

While this 100 per cent gives a different return in the two countries, it appears that our present duty of 55 per cent on the foreign cost, which just equals our wage per cent, exceeds decidedly any possible differences in final costs.

Wages: In 1914, prewar, the total wages paid in the industry was 41.1 per cent of the factory selling price, while the tariff averaged 58.2 per cent, or 142 per cent of the total wage. In 1919 the wages paid were 37 per cent of the factory selling price, while the tariff averaged 47 per cent of the selling price, or 127 per cent of the total wages paid. On ordinary painted, colored, and decorated chinaware the tariff to-day is 55 per cent, which just equals the total wage cost in the production of these articles in this country. As the wage cost abroad per unit of product is 60 per cent to 70 per cent of the wage here, there is no question but that our present tariff might be reduced greatly to the advantage of the public and the possible elimination of price fixing and the improved moral character of the industry, which would have to depend upon its economies and not upon raising prices contrary to law or manipulating legislation.

On plain sanitary ware the cost of production is as low here as anywhere in the world, while price fixing is so extreme that one not in the business can not buy for cash from the producers, who are tied in with local dealers and others, with final prices to the consumer bearing no relation to the cost of production.

The protection given this industry amounted to \$65,000,000 in 1914 and \$94,000,000 in 1919, while the Fordney rates would give them \$108,000,000, which this industry says is the least it can prosper under. All these figures would be doubled on reaching the consumer at retail. Against these great sums the Government collected in duties \$5,600,000 in 1914, \$3,400,000 in 1919, and \$5,200,000 in 1920.

Men's collars and cuffs: These collars formerly retailed at two for 25 cents, now 20 cents each, made of two thicknesses of ordinary cotton costing 19 cents a yard and 16 cents a few months ago. Here is a sample. The price of the cotton is the same here as in Europe. There is almost no waste in the cutting. The face of the collar used to be made wrong side out and then turned and a second line of stitching run around. Now brass clamps so hold the unsewn pieces of cloth together that the needle zips around once, and all is done. There is nowhere in the world any cheaper production.

These collars can be bought from English factories for \$1.20 a dozen, but the English goods would cost \$2.10 here duty paid. This lets the American manufacturer charge what he will up to \$2.10 per dozen wholesale. He does charges \$1.60. He pays 70 cents a dozen for cutting, sewing, and ironing, or slightly under 6 cents per collar.

The labor in the collar and cuff industry was 24.2 per cent in 1914 and 15.6 per cent in 1919. The present tariff gives 30 per cent protection, or twice the wage in the industry, and the House bill would add 50 per cent to that duty. The protection given the industry in 1914 was \$7,000,000, in 1919 \$11,000,000, and the Fordney bill would make it \$17,000,000. All these amounts would be about doubled to the consumer. Testimony before the House committee indicated great profits in the industry. Against these huge sums the Government collected the petty total of \$20,000 in 1919 and \$40,000 in 1920.

Glassware, including plate and window glass, glass cutting, mirrors, and optical goods: Production in 1914, \$168,000,000, rising in 1919 to \$385,000,000. We produce plate glass in this country as cheaply as anywhere in the world, coal being a large factor, and cheaper here than elsewhere, and still more economically where we use natural gas, as in some plants. We produced 70,000,000 square feet of plate glass in 1921, and imported only 3,000,000 square feet, the latter being of superior quality that we do not care to produce, for fine mirrors, etc. The plate-glass tariff has been on of the worst in our history. It is virtually a trust.

In the Dingley days it secured rates running from 50 to 150 per cent, whereupon it doubled many of its prices against domestic consumers, and warned its customers that they must not buy abroad even those sizes which could be brought in to advantage after the trust had increased its prices.

I asked a plate-glass merchant about this. He said, "Yes; I got one of those notices, and it took me several days to answer it. But I saw I would lose my business unless I yielded, so I sent the trust a memorandum of the orders I had abroad, with a promise not to order any more."

He said the trust later advised customers to order ahead liberally as prices were going up. They so ordered, and then instead of raising prices they were cut 35 per cent.

What an example of "American" valuation we would have had here had it then been in effect.

Senator DILLINGHAM. Do you say the trust does not want to make the high-quality product because there is no profit in it?

Mr. MILES. American manufacturers do not like to make little dabs of anything. Our great factories are organized for quantity.

Common window glass and the like is made very cheaply in this country, and the freight itself is a considerable protection from abroad.

Senator DILLINGHAM. Why is it that you say the trust does not want to make the high-quality product—because there is no profit in it?

Mr. MILES. The American people do not want to make relatively petty quantities of anything, especially where such delicacy of operations is required to get a required quality. We like quantity and let others fuss over the small orders.

Pressed glass: One of the biggest manufacturers in America told me, in 1908, when we were before the Payne committee, that he had a wholesale house in London that cost him \$10,000 a year; that he sold pressed glass pretty freely over Europe and added the cost of his London house to his American prices. When the McKinley tariff was being written this gentlemen and some of his competitors recommended that pressed glass be put upon the free list. But it came out in the law 65 per cent protected, and in such uncertain language that the makers themselves were bothered to find out what the rate was.

Some optical goods are coming in from Germany under depreciated currency at a very low price, quite destructive, apparently, of our production.

The extent to which domestic producers dominate the home markets is shown by imports in 1920 of only 2.2 per cent of all kinds of glass put together, while exports were 8 per cent, or \$30,086,000.

The total wages paid in the glassware industry are only 28.3 per cent of the selling price, while the present duty averaged 35.2 per cent, and the House bill would double or treble these duties.

The industry was given protection to the extent of \$100,000,000 in 1919, which would become \$200,000,000 at retail, against which the Government collected in duties only \$600,000, and \$2,000,000 in 1920.

The House bill would greatly increase this sum. Notwithstanding a virtual embargo on ordinary pressed glass for years past, both under high tariffs and low tariffs, there is said to be some coming in from Germany under her depreciated currency at prices below our market, and calling for the depreciated-currency clause which we elsewhere suggest.

Cutlery and edge tools: Some domestic cutlery manufacturers say we are the cheapest makers in the world of common table and kitchen cutlery.

One manufacturer of cutlery goods says Germany produces more cheaply. The special provision against the unusual German situation is doubtless needed here.

A good English 6-inch butcher knife costs \$2.13 per dozen at the English factory, and \$2.87 in New York, duty paid. A better made knife is sold by two American makers for \$1.50, which indicates a low production cost and a wage cost of very few cents per knife. The Fordney duty on these would be twice the American manufacturer's selling price. We exported of table cutlery only in the first nine months of 1921 \$1,082,662, or three times as much as our entire imports of all kinds of cutlery taken together, being \$312,000, of which \$205,475 came from Germany. There has been a considerable decline in both imports and exports of cutlery in the last three months. We exported 48.9 per cent of all domestic production of table cutlery in 1919 and in 1920, 71 per cent of 1919 production.

German carvers are quoted well above prewar prices; also horn and celluloid handled table knives. We find no reason to believe the current statement about German 9-cent knives retailing at \$5 here. The knife exhibited to substantiate this statement is unique in design and finish, said to be made by Swedish workmen, brought into Germany because the finishing of the handle in gold and fleur-de-lis is a Swedish process. It is the kind sold in jewelry and fancy stores.

The complex Dingley and Payne rates on table cutlery were regarded as dishonest by experts, difficult to understand, and running from 50 to 150 per cent.

In edge tools and miscellaneous cutlery exports far exceed imports. Our shears (usually 5 inches or more in length, with black handles) are both the best and the cheapest in the world, and have no competitors in any market. Protection is needed on high-grade cutlery, fine scissors, penknives, and like goods.

Files: Ordinary sizes and kinds made so cheaply here that our makers freely export them, sending 25.2 per cent of the entire production of 1919 abroad, and a still greater amount in 1920, while imports were only 1.8 per cent in 1914 with its normal pre-war conditions and 0.4 per cent in 1920. These imports were especially fine and small patterns which our people do not like to make. In 1914 the wages in the file industry were only 38 per cent of the selling price and yet the Payne duties were 56.1 per cent. In 1919 wages were 30.2 per cent and the tariff 25 per cent.

Investigation indicates a single ownership of many factories operating under separate names. Price agreements for many years or at least closely related prices.

In 1908 under the 56 per cent protection of the Payne law the file people charged 60 per cent more for domestic use than they charged foreigners. To-day they are exporting at 20 per cent under domestic prices. The large volume of their exports and their special discount thereon prove the need of no protection on standard sizes.

After giving the file makers control of the domestic market to the possible cost to the consumer of \$8,000,000 in 1919 the Government collected in duties only \$10,000 and \$30,000 in 1920.

Senator McLEAN. Mr. Miles, do you think we can get very much idea of the severity of competition by 1919 imports?

Mr. MILES. No, sir; we had to use 1919 because it is the census year.

Senator McLEAN. I know you had to use them.

Mr. MILES. I have used 1920 in addition.

Senator McLEAN. Even in 1920 the probabilities of the conditions abroad were still in a rather disturbed condition?

Mr. MILES. Yes, Senator.

Senator McLEAN. And the imports of 1921 would be more reliable, as we get them?

Mr. MILES. Yes; and the imports of 1921 show a great falling off in prices, but not so much in quantity. The file situation has been as stated for 20 years, except that they used to sell 40 per cent cheaper abroad than at home.

Aluminum: Aluminum is made substantially as cheaply here as abroad. The domestic production is controlled by a single corporation, which charges 24 cents per pound for the refined metal as against a price of 15 cents per pound made in England at the same cost. The American corporation began business with almost no capital. It has accumulated \$70,000,000. The elements of cost are, in order of their importance, freight, material, fuel, and labor. The wage cost of refining is very little. The trust is said to make it unpleasant for Americans who buy the English metal at 15 cents instead of the American metal at 24 cents. The trust wants 5 cents per pound protection.

Aluminum ware: Production increased from \$19,600,000 in 1914 to \$75,000,000 in 1919, the increase being mostly in prices, imports virtually embargoed being 0.03 per cent in 1919 and 1.1 per cent in 1920. The protection given the industry in 1914 was 20.4 per cent, or \$6,000,000, and in 1919, \$13,000,000, against a total wage of \$15,773,254, or 21 per cent of the factory prices of the product, while the House bill would make the protection \$22,000,000. Imports virtually embargoed, customs receipts being \$200,000 in 1920.

Senator McLEAN. We had a witness before the committee who presented two common articles of aluminum—coffeepots. One of them cost 60 cents in the store here and the American coffeepot \$2, and that witness also testified that those articles were coming in in great quantities at the present time.

Mr. MILES. Yes, the deadly German mark again—a situation easily obviated by one of the Smoot amendments and in no other way. Many manufacturers see this. I seriously question these figures, however.

Paints and varnishes: Production increased from \$146,000,000 in 1914 to \$351,000,000 in 1919, being largely an increase in prices only. Exports in 1920 \$28,600,000, with imports only \$3,200,000, or 0.9 per cent. The per cent of wages in the industry is only 6.9 per cent of the price of the product. With the wage so small, there can be substantially no difference in cost of production here and abroad. The present tariff is 11.4 per cent, giving the industry, in 1919, \$36,000,000 protection and costing consumers, if used, up to \$72,000,000, against which customs receipts were \$100,000 in 1919 and \$400,000 in 1920.

I operated a paint factory for 15 years to supply my carriage factory. There was so little labor in it that I never stopped to figure it. The percentage of wages in the paint and varnish industry is, all told, 6.9 per cent. Protection is 11.4 per cent. They did not care enough about any protection to pay their respects to either tariff committee of Congress.

Asking for nothing, the paint and varnish people were surprised to find the House bill giving them 25 per cent, and American valuation further increasing this to from 50 to 80 per cent. A little like the soap people, who said they didn't mind particularly, but would be content to have 5 per cent, so the House bill gave them 20 per cent American valuation.

Senator LA FOLLETTE. They were just carried in on the flood?

Mr. MILES. Just carried in on the flood; but not hurt like the cottonseed-oil makers, who recently begged Congress to take their protection against foreign vegetable oils away; that it is ruining them. Rather like the automobile people, who asked for 30 per cent and made no objection when asked if less would do. The House bill made it 30 per cent American valuation, which means 45 per cent.

Linseed oil: If this is going to be highly protected now, the paint people will have to have some protection on paint products taking linseed. You know of the oil joker in the linseed proposal, whereby the crusher gets a drawback on the flaxseed cake, so that the net to the farmer is $1\frac{1}{2}$ cents per bushel less under the new bill than the old, and the net to the crusher is 600 per cent more than he gets now.

Senator LA FOLLETTE. That is helping to prosper agriculture?

Mr. MILES. There must be exceptions, you see, Senator, like this Linseed Trust of seven companies, Standard Oil domination, says Moody in "The Trusts." It has always been a child of the tariff except for the Underwood law. Under the Dingley law it had 50 per cent protection with only 3 per cent of its selling price going to labor. With Congress thus preventing importations, the trust charged American consumers, according to the census of 1905, \$27,577,152 for that year's product, and exported at international prices \$203,712, against imports of \$5,712, paying \$2,856 duty. The House bill returns to about that situation, but less openly. It gives 25 cents duty per bushel on flaxseed with about one-fourth of the duty returned on the flaxseed cake exported and made from imported seed, although flaxseed cake generally is free. This makes the flaxseed duty net 18.5 cents, instead of the present 20 cents, while the duty on the oil at 2.5 cents per pound equals 45 cents per bushel of seed and nets the crusher 26 cents above the flaxseed duty, on an operation as simple as brewing tea, with a labor cost to-day of only 2.5 per cent of the crusher's selling price. Under flaxseed I figure the farmer's profit and loss from the linseed tariff.

The trade is said to be divided into zones. A certain crusher makes a price in a zone and advises the rest of the crushers of that price. The court says that this is legitimate, because that is simply giving information. Others then make that same price in that zone. The higher court may regard this differently. This, again, suggests the workability of the American valuation plan, and a pretty but unexpected relation of Congress to business.

Oilcloth and linoleum: Prices to-day of imported and domestic products indicate that little duty is needed. At present exchange the British factories price inlaid linoleums, landed in New York, duty and all expenses paid, at \$1.80 net for No. 1 gauge, \$1.53 for No. 2 gauge, and \$1.33 for No. 3 gauge, the present duty being 35 per cent.

Domestic inlaid linoleum of substantially the same quality is priced by one leading factory at \$1.23 for No. 1 gauge, and by another factory \$1.31 for No. 1 gauge.

The price of No. 1 gauge at the English mill to-day is \$1.30, as against \$1.23 for an American product at an American mill.

British labor costs are two and one-half to three times the prewar level, a competent day laborer getting \$5.50 per week in 1914 now getting \$13.75 commonly throughout England. Machine repairing costs three to four times more than prewar. Ocean freights are more than doubled.

Prices in the United States were doubled over prewar in 1918-1920, partly because of shortage in supply and partly because all materials greatly advanced in price. American factories are now busy.

Asbestos, manufactured: As in other textiles, the raw material represents one-half the cost of the finished product. Asbestos costs the same the world over, 75 per cent of it coming from the mines of Canada; therefore no tariff consideration should be given the 50 per cent of cost representing raw material, but the other items only—labor, overhead, and profit—and any tariff on the finished product is equivalent to twice that amount on these differentials of labor, overhead, and profit. The protection now given is 17.3 per cent, being

equivalent to 34.6 per cent of the total labor, overhead, and profit of the foreign manufacturer and over twice the total average American wage cost. The total labor in converting asbestos into cloth is about 11.5 per cent in the United States, and into sheeting 14.2 per cent, and tape 21.5 per cent. This wage per cent is low, partly because a single operator controls several of the automatic looms on which the work is done.

The difference in wage cost in this industry is slight between the United States and England, our only considerable competitor, partly because the industry is highly unionized in England.

The Fordney bill proposes rates of duty of about 67 per cent, American valuation, or from three to eight times the wages in the industry.

The ability of the industry to get on with little or no protection is indicated by exports of 18.5 per cent of total production in 1920 and 24.4 per cent in prewar 1914. Imports were 14.2 per cent in 1914, only 1.1 per cent in 1919, and 2.5 per cent in 1920.

While our people sold abroad at prices competing with the world, their domestic prices were substantially greater than export prices by the amount of the duty, 17.5 per cent, plus the profit that importers had to have on the 2½ per cent that they brought in.

The protection given the manufacturers in 1919 was \$4,000,000, which cost the consumers at retail about \$8,000,000, which they actually paid for the most part, and unnecessarily. Against this sum the Government collected in revenue only \$50,000 in 1919 and \$100,000 in 1920, being \$1.25 for each \$100 that the consumers were made liable for.

Furs: Prices have advanced tremendously since 1914. The output in 1914 was valued at \$84,000,000 and in 1919 \$276,000,000. The tariff on furs dressed on the skin is 30 per cent, which prevents domestic makers from having skins dressed in Europe, where, for instance, the price is 40 cents to 80 cents on a beaver skin worth about \$20. This makes the duty \$6 and enables a few domestic makers in this business to charge \$2.50 for this plucking and dressing instead of the foreign price of 80 cents. Fur garments are so highly protected that scarcely a single garment comes in except as a model. Domestic dealers can and usually do charge what they will. The total wages in the industry in 1919 were 18.7 per cent, with the tariff 25.5 per cent. The protection given the industry was \$56,000,000 in 1919, which would be doubled in retail prices. Against this duties in 1919 were \$1,500,000 and in 1920 \$1,900,000. The labor is almost entirely foreign-born and not of a kind especially inclined toward American institutions.

Clocks: Production increased from \$11,000,000 in 1914 to \$23,000,000 in 1919. Exports in 1914, 14.6 per cent against imports of 8.4 per cent. Exports in 1919, 16.8 per cent, against imports of 0.7 per cent. In 1920 exports were \$4,900,000 against imports of \$531,000, being about ten times imports, and yet our clock makers complain of imports and want higher and higher duties. Imports from Germany should be checked by the depreciated-currency clause provision, elsewhere recommended.

I had one of my scares on the price of clocks. A Connecticut clock manufacturer says a certain German clock is coming in at 46 cents that cost him 86 cents to make. It is not the same quality. Long

before the war tens of thousands of little German metal alarm clocks were imported annually at 1 mark each. They did not keep good time, but they answered the purpose and were invaluable to early rising wage earners.

Senator McLEAN. In my State they are working on very short time and can not sell their product, and they claim it is due to foreign competition.

Mr. MILES. Short time undoubtedly; but not because of importations, as statistics prove.

Senator DILLINGHAM. What do you say about the retailer?

Mr. MILES. Some are doing their worst, but we must not go after every retailer. Getting retail prices and costs on ordinary silks, in one instance, I could not believe the margin was so close until a banker who had inside knowledge said the figures were right. Also, I found an importer selling some staple woolens at 3 to 12 per cent margin, and importers of rugs operating on 10 per cent. It is the importer of notions who really needs 25 per cent and sometimes 35 per cent for he sells down to one-twelfth of a dozen with the putter and detail of a retailer. I was slow in learning this.

Senator McLEAN. You have had a very rare experience, as most everybody tells us other stories.

Mr. MILES. I have enjoyed broad opportunities. Generally speaking, the owner of anything gets all he can for it.

Senator McLEAN. I think that is true.

Mr. MILES. As to the tariff, it only concerns us that Congress shall cease to support and aid high prices. It is horrible for Congress to put the tariff wall so high that the public can not get relief from abroad, and must pay any prices domestic manufacturers and merchants charge. Ninety days from now, or whenever the public buys freely again, prices will go up largely because of the tariff.

When I said to a group of big Englishmen in London some time ago that some of us wanted our tariff as low as could be and be fairly protective, and this so that living costs would come down, and costs of production also, with, consequently, a great increase in our export trade, one of the Englishmen replied very seriously, and almost in alarm, "I can not wish success to that program, for it would mean the end of European supremacy."

So it would, indeed.

Watches (including parts of watches and clocks): Our ability to sell good, dependable watches at international prices was demonstrated years ago by heavy shipments of Waltham, Elgin, and other watches abroad at 60 per cent to 75 per cent below their prices to American consumers, due entirely to the enslavement of American buyers to American price-fixing watchmakers by the Dingley tariff.

The total wages in the watch industry are 39.6 per cent of the factory selling price, while the tariff is 27.8 per cent.

The protection given clocks and watches in 1919 was \$17,000,000, against which the Government collected on imports \$3,400,000. There are considerable importations from Germany, as in other lines, due to depreciated currency. There has always been considerable importation of extra cheap clocks from Germany and Switzerland, attractive but poor timepieces. Imports of clocks and watches have run from 12.5 per cent in 1914 to 19.4 per cent in 1920, with exports in 1914 and 1919 of 8 per cent of domestic production. As

indicating our ability to meet foreign competition on our standard grade American timepieces I submit memoranda of the Elgin and Burlington watches sold abroad and reimported by a jobber and retailer in America.

(The data referred to is as follows:)

DATA OF WATCHES PURCHASED BY A. E. HOLDER FROM THE CHARLES KEENE CO., OF NEW YORK.

1. August, 1903: One 25-year, gold-filled, hunting-case gentleman's watch, 19-jewel, Elgin movement, Dueber case; \$23 from Keene. Lowest possible price quoted by jewelers in Des Moines, where Mr. Holder was then living, was \$48 for the same standard type of American watch. Some dealers wanted as high as \$60.

2. August, 1903: One open-face, 25-year, gold-filled case, gentleman's size watch, 21-jewel, Elgin movement, Dueber case; price, \$24.50 from Keene. Lowest price quoted by Des Moines dealers was \$50 for the same standard type of American watch. Some dealers wanted as high as \$60.

3. December, 1903: One lady's watch, hunting case, 20-year guaranty, gold-filled case, 15-jewel, Elgin movement, Dueber case; \$11.70 from Keene. Lowest price quoted by Des Moines jewelers was \$25 for the same standard type of American watch. Some dealers asked as high as \$35 for the same standard article.

4. January, 1911: One gentleman's watch, 25-year, gold-filled hunting case, 21-jewel, Burlington movement. Do not recall name of the case manufacturer, whether it was Dueber or Keystone; \$25 from Keene. Lowest price quoted by Washington, D. C., dealers, where Mr. Holder was then residing, for this same standard type American watch, \$55.

All of these watches have given excellent service. Nos. 1, 2, and 4 have been worn by men in railroad and Railway Mail Service. The watches have been exposed to more than ordinary exposure, to dirt and perspiration from the clothes of the wearers engaged in such hard, laborious work. Outside of cleaning and repairs to cases of two of the watches, due to accident, the movements have not cost for repairs one penny.

ARTHUR E. HOLDER, *Washington, D. C.*

Glucose and corn sugar: Production in 1914, \$37,000,000; in 1919, \$135,000,000. Made out of American corn, the cheapest food product in the world, with a total wage cost of manufacture 6 per cent, and yet the duty is 15 per cent, and the House bill would make it two or three times that. It is exported freely; it is classed as a trust. The protection given it in 1919 was \$17,000,000. The House bill would give it \$40,000,000. Back in 1904, with a wage cost of only 7 per cent, it had, as a favored trust, 55 per cent duty on its product of \$24,500,000. In 1919 with the protection costing the consumer about \$34,000,000, the Government collected in revenue only \$500. Exports in 1920 were \$10,067,830, or 7.4 per cent of production.

Starch: Wages both pre-war and postwar average 7.7 per cent of the factory selling price, while the tariff is 12.7 per cent. This gives the industry \$6,000,000 of protection, costing the consumer \$12,000,000 at retail. Duty collected in 1920, \$100,000. Imports are negligible, under 2 per cent. Exports were about 12 per cent in 1914, and 17.3 per cent, or \$9,000,000, in 1920.

Wire, wire rope, and wire work: Production in 1914, \$82,000,000; in 1919 \$162,000,000. Exports in 1914, 16.3 per cent, and in 1919 and 1920, 32 per cent, while imports were negligible, being 1.2 per cent; in 1914, 0.6 per cent. Protection given the industry, \$35,000,000, costing consumers \$70,000,000 in 1920, with customs receipts, \$200,000. As all ordinary steel is made as cheaply here

as anywhere, undoubtedly the tariff is used against the consumer. For over 30 years our steel people have shipped abroad at far less than domestic prices, while usually holding domestic prices to foreign prices plus the duty, and often plus ocean freight.

Carpets and rugs (other than rag): Domestic production in 1914, \$69,000,000; and in 1920, \$122,000,000, the increase being almost entirely in prices.

Domestic producers so dominate the market on Brussels and cheap carpets generally that substantially none are imported, one authority saying offhand that he doubted if a thousand dollars of Brussels carpets have been imported in three years.

Imports in 1914, 6.9 per cent. In 1920, 8 per cent, being \$9,666,000. More than half of all imports are Chinese and oriental rugs. On the better grades, as well as the cheapest of machine-made rugs and carpets, domestic makers control about 97 per cent of the home market. Imports are novelties in design or quality.

The total wage cost of manufacture is 20 per cent of the manufacturer's selling price. The wage earners in American factories get about \$40 per week at piece-rate wages against approximately \$25 in England. The American workers are largely Polish and similar foreign-born people. The workers in England are more efficient and experienced, so that a tariff of moderate amount is still needed to cover the difference in labor and lesser differences in overhead, cost of plant, etc. Authorities have suggested 20 per cent on Wiltons and 30 per cent on chenilles.

No fair reason can be given for a higher rate on machine-made rugs than on carpets. The rugs cost more to produce, but the extra cost is the same in one country as another. The present duty on rugs is 50 per cent; on Wilton and velvet carpets, 30 per cent; on chenille and Axminsters, 35 per cent.

Strong evidence that all these carpets can be produced about as cheaply here as abroad is found in the fact that at the present rate of British exchange, and a 30 per cent duty, a standard good-quality English or Scotch rug, landed in New York, duty and all charges paid, costs \$78.75, while the same domestic rug of as good quality is sold at our factories at \$65 to \$67.50. These rugs are the same material and construction, except that the Americans are three "shot," and the imported only two "shot," making the domestic rug cost about $7\frac{1}{2}$ per cent more. These prices show domestic producers neither requiring nor using the tariff now on standard products. They will use it, presumably, when trade improves, as they have in the past. When they use it, the cost to the consumer is approximately \$80,000,000 per year. Against this very considerable sum the Government collected in 1920 only \$4,500,000 in revenue, only half of this, on competing goods, the balance on orientals.

There are few carpet manufacturers in the United States. Strange, indeed, if they do not, as understood, take full advantage of such tariff rates as Congress provides.

Buttons: Production, 1914, \$20,711,000; in 1919, \$50,275,000. Exports in 1920, \$3,846,000, or 7.7 per cent of 1919 production. Imports in 1914, 10.2 per cent; and 1920, only 3.8 per cent. Wages in 1914, 31 per cent, and in 1919, 27.4 per cent, against the present tariff of 35.9 per cent. Protection given \$13,000,000, which would be \$17,000,000, if the Payne rates were restored and applied on 1919 produc-

tion. These amounts to be doubled at retail. Importations are mostly novelties.

Toys and games: Production in 1914, \$13,757,000, and in 1919, \$45,720,000. Exports rising from \$809,000, or 5.9 per cent of production, in 1914 to \$4,189,000, or 9.1 per cent in 1920. Wages in 1919, 26 per cent, against the tariff of 35 per cent. Protection given the industry, \$12,000,000, to be doubled at retail. To one who has visited Nuremberg it seems almost impossible for any nation to equal Germany in production of inexpensive metal mechanical toys, or that any nation would attempt it.

Lead: We have an exportable surplus and almost unsurpassed deposits of the four great metals, iron, copper, lead, and zinc. In lead the extent of protection given determines the extent to which less profitable deposits will be worked. The price to-day is the same, 4.36 cents per pound in London and in St. Louis, which is the market for our Missouri deposits. The New York price to-day is the London price plus the freight. This shows protection not used to-day. Labor is one-half the cost of mining. Thirty per cent of our product needs no tariff. Of our imports, 95 per cent are in bond for manufacture and reexport. Authorities, with investments in mining, say that one-third of the Missouri products could be mined at a total cost of 2 cents per pound, the balance at 2½ cents.

If we allow for ore in the ground 0.5 cent, for mining 3 cents, for smelting and refining 0.5 cent, we have 4 cents per pound cost, selling in to-day's depressed market at 4.36 and usually much higher.

Labor in smelting and refining, 3.5 per cent in 1914 and 2.9 in 1919, per census preliminary figures. Tariff now 25 per cent, most of which would be net profit to most mines if used to-day. The House bill would restore the Payne rate of 1½ cents for ore, being 40 per cent, and 2½ cents for bullion and pig, being 50 per cent. The wage cost in converting pigs and bars into manufactured products averages 6.2 per cent against the present tariff of 20.2 per cent, which the House bill would double, at 2½ cents per pound. This wage cost is low, because the material is only warmed and exuded as pipe, etc., from machines.

The census figures, 3.5 per cent for smelting and refining and 6.2 per cent for manufacture, look low, but have been repeatedly approved.

The present tariff, now unused by producers, will foster much production as times improve. Experts warn us that high tariffs on natural resources are the opposite of protection to national interests. High tariffs hasten the exhaustion of reserves that should be conserved. Germany and other countries legislate with this in mind.

Tin: No deposits in the United States. Two corporations, one of English and Bolivian capital, smelt and refine ore from Bolivia, our only source of supply, in plants near New York City and in two small subsidiaries. They save the long and expensive ocean carriage to English refineries and back to America.

We smelt one-third of our requirements of 60,000 tons per year, getting the rest already refined from the richest deposits in the world, the Straits Settlements, whose metal can not be imported in the ore because of export duties. The wage cost in smelting both copper and lead is 3.6 per cent of the selling price. We do not know the cost for tin. While coolie labor in the Straits costs one-tenth of our

labor per day experts declare it no cheaper per unit produced. We exported 38 per cent of the \$97,000,000 of tin plate produced in 1919, using this free tin for this plating. If we leave tin on the free list we won't have another infant industry of this sort on our backs permanently.

The 2 cents duty, amounting to \$2,400,000, would be added to the price of pig tin. Manufacturers of tin plate and tinware would add fully 35 per cent margin, then wholesalers 25 per cent, then retailers 50 per cent. Consequently the public would pay about \$5,232,000, to be divided thus: To two smelters, only one of them asking it, \$800,000; to the Government, as customs revenue on the two-thirds imported until plants take on this additional refining, \$1,600,000; to manufacturers, wholesalers, and retailers, none of whom want it, \$2,832,000. The Government would be unusually fortunate on the start, because two-thirds is imported instead of 2.7 per cent, as in the 29 industries in our table, where the Government gets relatively nothing and all goes to private interests.

Tin plate and terneplate: Production in 1914, \$68,343,000, and in 1919, \$97,400,000. Exports in 1919, \$37,000,000, or 38 per cent of production, and in 1920, \$40,545,000. Imports, virtually none, being 0.1 per cent. Percentage of wages to factory selling price in 1914, 5.8 per cent, and of wages plus superintendence, 6.9 per cent.

In the five years, 1902-1906, the wage cost of converting the black steel sheets into tin plate, per box of 100 pounds, was 19 cents, or 6 per cent of total cost of the box. The steel sheets then cost \$2.04; the pig tin, 63 cents; flux, fuel, and supplies, 11 cents; incidentals, 7 cents; general expense and depreciation, 14 cents; total per box, \$3.18. Nowhere can it cost less. The present duty of 15 per cent means some \$12,000,000 to the makers, if added to prices, as it can be readily, and fully twice that to consumers with the tinware manufacturers' percentages added, then the wholesalers, and then the retailers—an entirely unnecessary and wicked total of \$24,000,000.

Against this great sum the Government collects in duties in a normal year, in this case 1914, the paltry sum of \$283,000.

Tinware: With tin free and their other raw material, steel sheets, produced very cheaply in this country and exported in huge quantities, the tinware makers are nevertheless given 20 per cent protection in the fiscal year 1914 against a wage cost on their simple processes of 14.9 per cent and 19.1 per cent for wages plus all services. Figures for 1919 not available. Production in 1914, \$82,000,000, and in 1919, \$234,000,000. The present duty of 20 per cent virtually embargoes imports, which were 0.2 per cent in 1914 and 0.37 in 1920 and presumably novelties. Exports are not separately shown and probably only about 1.5 per cent.

The Payne rate of 45 per cent restored would add 25 per cent, or some \$40,000,000, to manufacturers' prices, if used, and as much more to jobbers and retailers, who do not want it. It would cost consumers \$80,000,000 above present prices.

If the tinware makers used all their tariff allowance of 45 per cent in 1914, it netted them \$25,000,000, less what they probably passed back to the tin-plate makers, who then had 35 per cent protection. This 45 per cent to tinware makers in 1914, if used, cost consumers on their tinware \$50,000,000, against which the Government collected on imported tinware \$60,000.

The McKinley and Payne duties on tin plate and tinware were admirable in conception but excessive in amount. They resulted in the marriage of an exceedingly rich American widow to a royal prince, and a charming princess to an American youth. We have several princesses now; we want cheap tinware.

Corsets: Production \$75,537,000 in 1919. Imports 0.1 per cent in prewar 1914, and 0.02 per cent in 1920. The industry evidently has complete control of the domestic market under the present duty of 30 to 60 per cent, with a wage cost of 17.3, or, say, half of the duty. The industry is closely organized, in few hands, and produces at low costs. Protection given in 1919, \$53,000,000; this amount to be doubled at retail if the manufacturers use their protection, as they easily may.

Automobiles: Output \$3,000,000,000 in 1919. The makers asked for 30 per cent protection, foreign valuation, because they now have it, and showed no disapproval when a lower rate was suggested. However, the House bill, by means of American valuation, thrust upon the industry not less than 45 per cent. Exports in 1920, \$266,000,000; imports, \$958,000; wages, 16.1 per cent in 1914 and 16.3 per cent in 1919, illustrating American supremacy in quantity production, with the lowest cost of product in the world and the highest wages per day.

Musical instruments, organs, pianos, and parts: Production in 1919, \$163,681,000. Exports in 1920, \$11,848,000, being 7 per cent of 1919 production. Imports in 1920, \$2,615,000, or 1.6 per cent of 1919 production. Imports in the normal pre-war fiscal year 1914, 2.3 of that year's production. Wages in 1914, 26.5 per cent of factory selling price, with wages plus salaries only 33.9 per cent. Present tariff 34.8 per cent. Wages for 1919 not available.

Umbrellas, parasols, canes, sticks, etc.: Production in 1914, \$14,000,000; in 1919, \$25,307,000. Imports negligible, being 1.6 per cent in 1914, and 0.8 in 1920. Wage per cent in 1914, 15.7 per cent, and in 1919, 13.2 per cent, against which the present tariff averages 34.4 per cent on umbrellas and parasols and 30 per cent on canes and sticks. Protection given in 1919, \$6,000,000, which doubles at retail.

Hardware: Production in 1914 \$73,000,000 and in 1919 \$145,000,000. Exports in 1914 and in 1919 were 8 per cent, rising in 1920 to 12 per cent. Wages 28 per cent of the manufacturer's selling price, with the tariff 20 per cent. For many years certain hardware has been exported at less than domestic prices. Under the Payne tariff screws were exported at one-half the domestic price; files 40 per cent off, now 20 per cent off. A pipe fitter's tool is now exported at 45 per cent off the domestic price. We make many types of medium hardware of high quality as cheaply as anywhere in the world, barring the passing situation in Germany. Mr. Sargeant, founder of the Sargeant Hardware Co., said some 20 years ago:

I have no difficulty in exporting those of my products that carry the greatest amount of the highest paid American labor. I have difficulty in exporting products that carry either little labor or cheap labor.

Bolts, nuts, washers: Production in 1914, \$23,403,000, rising to \$91,655,000 in 1919. Made in automatic machines, a single operator feeding long rods into a group of them, from each of which finished bolts come so fast one can not easily distinguish one bolt from another.

Duty now averages 10.5 per cent, which prevents importations, which were 0.1 per cent in 1914 and 0.07 per cent in 1920, against exports of 7 per cent in 1914 and 8.4 per cent in 1920. The present duty is small, meaning only about \$7,000,000 to the producers and twice that to consumers.

Brass, bronze, and copper manufactures: With some of the world's greatest deposits of the raw materials at bottom costs, and free tin—production, \$487,000,000 in 1919—and the industry closely held, we are exporting great quantities of heavy and light products at international prices, with imports relatively infinitesimal under the present tariff, which averages from 17.3 to 20 per cent. Our genius for automatic and semi-automatic machinery is fully evidenced in this industry. The Fordney rates are higher than the Payne, which averaged 35 to 42 per cent. This industry is substantially twin sister to steel, iron, and hardware.

Steel and iron: What reason can be given for duties on steel and iron? We have the greatest ore deposits and production in the world, minimum cost, maximum efficiency; large exports in all lines, imports entirely negligible, principally as ballast to the Pacific coast from Europe, made possible by our heavy transcontinental freight rates. Shall all America be taxed \$150,000,000 per year to keep California from these small imports and to convenience a \$3,000,000,000 industry?

Witness this table, for example:

Article.	Per cent of wages to production, 1914.	Wages and all services, 1914.	Per cent of exports to production.		Per cent of imports to production.		Present tariff rate.
			1914	1919	1914	1920	
Pipe:							
Cast-iron.....	26.5	30.4	22.3	10.31	0.01	0.08	10
Wrought iron.....	15.3	18.6		43.1	.8	.....	20
Plates or sheets.....	120	124		16	.3	.1	12.7

¹ Estimated.

Friends of this industry say these small duties "steady prices." Without them "vexatious quotations from abroad would unsettle buyers, who, after all, could not afford to purchase abroad." This tariff means hundreds of millions of dollars on our total consumption in this "iron age," pyramiding from ore to rails, skyscrapers, implements, penknives, tinware, and scissors. The question of protection is not involved, as our costs of production are minimum.

Need of increased revenue is given as a reason for raising tariff rates. It is appalling to note how little the Government gets now out of the tariff compared to the enormous burden that the tariff imposes upon the consuming public.

As the Tariff Commission says:

Whenever any article that is manufactured here is continuously imported in any considerable quantity, the tendency of the tariff is to make the price of the domestic product as well as the imported article equal to the foreign price, plus the duty.

This means that the American public pays the equivalent of the duty on domestic products to American manufacturers so far as those

manufacturers use their protection, while the Government collects on imports only.

When Congress fixes any percentage of duty it assumes that this percentage should be added to foreign prices to bring them up to our domestic prices based upon domestic costs. That is, if the duty is 30 per cent the domestic price may be, if the manufacturers so elect, 130 per cent of the foreign price, and domestic consumers must pay the prices so made. Says Mr. Fordney, "Whatever duty you put on is for the purpose of bringing the foreign value [price] up to our value."

On this basis the amounts voted by Congress for use of domestic manufacturers at their discretion, without check or control, is shown for 29 industries in the following table. The amount collected by the Government in duties on these products is also shown. The Government collects in thousands of dollars and makes consumers liable in millions. In short, the Government collected \$1 for each \$100 it made the consumer liable for. The tariff used to provide one-third of the Federal revenue; now only 8 per cent. It never meant so little to the Government nor so much to the consumer.

These manufacturers never showed their cost books nor gave any proof of their needs. They simply talked to committees of Congress in loose and general and often disingenuous terms. They now ask for great increases in their rates, to cost the public additional billions.

As retail prices on highly manufactured articles—excepting such large or conveniently handled articles as automobiles—are double the manufacturers' prices—due to their passing through several hands from the manufacturer to the consumer—these great grants of protection to industries cost the consumer up to a possible \$2,467,000,000 in 1914 and \$4,741,000,000 in 1919, as here shown. As these industries yield only about 30 per cent of all customs revenue the total cost of carelessly granted duties is very large when those not here listed are allowed for. The industries were voted sums equal to the war expenses under which we groan; the Government went elsewhere for its sustenance. The products of these few industries cost the consumers an average of \$40 in 1914 and \$104 in 1919. The per cent of the product going to labor in 1914 was 20.3 per cent. In 1919 it was only 16.9 per cent.

In the old days of sharp competition manufacturers added only the part of the tariff necessary for fair profits. Competition would not let them add more. Competition was the protector of the consumer, just as the tariff protected the manufacturer. In time manufacturers learned by consolidations and price agreements to add all of the tariff and to work Congress for more. McKinley failed to see the danger. He was father to more trusts than Abraham had children. Count the trusts incorporated under the McKinley tariff and note their relation to the McKinley tariff rates, their excessive capitalization and high prices. (See Moody, "The Trusts.") The tables on pages 5374-5376 tell part of the story.

Duty now averaged
were 0.1 per cent
of 7 per cent
small, many
to consume

Bras
great
prod-
are
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tar
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i

TARIFF HEARINGS
The loss of protection and Government revenue derived.
(In millions of dollars.)

Articles	Payne law, fiscal year 1914.			Underwood law, calendar year 1919.			Revenue collected calendar year 1920.
	Tariff allowance to manufacturers.	Cost to consumer if tariff allowance used.	Revenue collected.	Tariff allowance to manufacturers.	Cost to consumer if tariff allowance used.	Revenue collected.	
Wool, manufactures of ¹	192	284	10.5	265	535	2.9	8.6
Cotton, manufactures of ²	246	492	27.1	557	1,114	15.6	32.4
Silk ³	85	170	14.1	214	428	20.3	23
Leather and edge tools	10	20	1.3	18	36	.2	.8
Leather, sole, heels, etc., manufactures of	89	178	.6	40	80	.4	1.9
Aluminum ware	6	12	.2	13	26	.005	.2
Chocolate and cocoa	7	14	.1	11	22	.08	.05
Coffee and coffee	7	14	.02	11	22	.02	.04
Others and cuts	14	28	.08	22	44	.01	.004
Cornstarch	4	8	.8	6	12	.02	.06
Others	35	70	.3	35	70	.1	.2
Umbrellas and canes	57	114	2.8	100	200	.6	2
Wire, wire work, rope, etc.	8	16	.6	17	34	.04	.4
Glassware, including plate and window glass	34	68	.4	36	72	.1	.4
Chinaware and tinware	1	2	.06	4	8	.05	.1
Paints and varnishes	17	34	1.6	56	112	1.5	1.9
Asbestos, manufactured	9	18	1.2	17	34	2.4	4.1
Furs	11	22	.003	17	34	.0005	.1
Clocks and watches	5	10	.2	6	12	.08	.1
Glucose and grape sugar	108	216	2.8	192	384	.6	2.3
Starch	65	130	5.6	94	188	3.4	5.2
Hosiery and knit goods	7	14	3.3	6	12	.8	2
Earthen, stone, and china ware	2	4	.03	4	8	.01	.03
Gloves, leather	7	14	.8	13	26	.6	.6
Files	196	245	.5	780	975	.1	.7
Automobiles	4	8	3.2	12	24	1.0	3.4
Toys and games	26	52	2.5	40	80	1.4	4.5
Carpets and rugs	32	64	(⁴)	53	106	(⁴)	(⁴)
Men's shirts	23	46	(⁴)	24	48	(⁴)	(⁴)
Hardware							
Total, 29 industries	1,307	2,467	80.6	2,663	4,741	53.2	95

¹ The Payne law was operative only July 1-Oct. 3 of this fiscal year ending June 30, 1914. Its rates are applied to the entire year, being the only census year showing production since 1909.

² Woven fabrics (except carpets and wearing apparel), felt goods, laces, and all manufactures of these materials.

³ Woven fabrics (except carpets, handkerchiefs, and wearing apparel), pile fabrics, cloths, tapestries, laces, and other manufactures known as cotton small wares.

⁴ Woven fabrics (except handkerchiefs and wearing apparel), laces, embroideries, and all manufactures thereof.

⁵ Not shown.

You will notice in the above table that the tariff allowance to the manufacturers is in large figures standing for that many millions of dollars, and that the cost to the consumer is measured in still larger figures, while the revenue collected by the Government from the various industries is mostly in decimals of one million.

The workings of the Payne and Underwood laws and some of the effects which the Fordney bill as written or a renewal of the Payne rates would have upon domestic production and upon the extension of our foreign trade, upon wages, prices, and the cost of living are shown in the following tables, and their net cost in the last column on pages 5408-5411.

Senator LA FOLLETTE. Mr. Miles, will you furnish for the committee the tabulated statement there to which you have referred, so it may be printed in full in the record?

Relation of customs tariff rates to production, wages, trade extension, and cost of living.

1	2		3		4			5			6		
	Domestic production, manufacturer's sales prices.		Domestic exports, value.		Imports for consumption, value.			Per cent of exports to production.			Per cent of imports to production.		
Industry.	1914	1919	1914	1919	1914	1919	1920	1914	1919	1920 (production 1919).	1914	1919	1920 (production 1919).
Cotton manufactures (not including carpets, handkerchiefs, and wearing apparel):													
Woven goods (including pianos and fancy cloths and pie fabrics, including tapestries):	\$488,728,054	\$1,487,723,000	\$28,844,627	\$151,997,817	\$16,538,804	\$19,594,187	\$52,238,612						
Other manufactures (known as cotton small wares):	199,366,094	670,757,642	11,622,701	64,932,339	10,942,088	12,033,142	33,559,944	5.8	10.1	14.8	4.0	1.5	4.0
Laces, etc.	13,206,785	29,396,853	232,457	1,731,075	33,882,136	14,085,069	21,483,425	1.8	5.9	5.5	256.7	48.0	73.1
Total.....	701,300,933	2,187,877,495	40,699,785	218,722,831	61,362,988	45,712,698	107,283,981	5.8	10.0	15.1	8.7	2.1	4.9
Silk manufactures (not including handkerchiefs and wearing apparel):													
Woven fabrics:	157,285,554	435,935,000			16,156,237	29,582,402	27,749,981						
Laces, embroideries, etc.	2,387,491	5,983,000			4,246,179	5,002,855	7,024,727	.9	2.3	2.2	12.0	6.7	7.7
All other manufactures:	94,358,082	274,166,888	2,307,605	6,241,782	10,065,921	13,721,067	19,981,001						
Total.....	254,011,257	716,084,888	2,307,605	16,467,158	30,488,337	48,286,344	54,763,689	.9	2.3	2.2	12.0	6.7	7.7
Wool manufactures, including felt goods (except carpets and wearing apparel):													
Felt goods:	13,692,765	39,229,540			105,824	27,664	64,482				.8	.07	.2
Woven fabrics:	270,721,509	730,743,000	1,668,199	20,623,267	20,584,870	7,149,789	18,769,198	.4	2.5	3.0	6.7	.8	
Laces:					58,250	68,516	108,853						
All other manufactures:	108,762,870	334,216,574		7,005,992	4,659,864	2,144,332	9,670,222						
Total.....	393,177,144	1,104,189,114	1,668,199	27,629,259	25,399,608	9,390,301	28,610,756	.4	2.5	3.0	6.5	.9	2.6

Relation of customs tariff rates to production, wages, trade extension; and cost of living—Continued.

Industry.	2		3			4		5			6		
	Domestic production, manufacturer's sales prices.		Domestic exports, value.			Imports for consumption, value.		Per cent of exports to production.			Per cent of imports to production.		
	1914	1919	1914	1919	1920	1914	1919	1914	1919	1920 (production 1919).	1914	1919	1920 (production 1919).
Hosiery and knit goods.....	\$258,912,903	\$711,898,748	\$2,546,822	\$45,784,376	\$61,373,475	\$6,135,428	\$1,191,236	1.0	6.4	8.6	2.3	1.7	0.8
Shirts, men's—cotton or flax.....	95,815,013	205,204,039											
Collars and cuffs.....													
Cotton.....	18,530,840	47,546,949		771,219	816,142	{ 5,619	24,035	5.5	1.6	1.7	.34	.2	.3
Linen, etc.....	40,550,702	75,537,552		2,890,838	3,583,767	{ 56,630	55,884						
Corsets, cotton, flax, silk.....	21,614,109	46,831,095	2,220,739	623,693	552,930	52,711	37,423	5.5	3.8	4.7	.1	.5	.02
Gloves, leather.....						9,366,869	6,162,848		1.3	1.2	43.3	13.2	30.1
Glassware, including plate and window glass, glass cutting, mirrors, and optical goods.....	167,908,254	385,016,080	3,729,623	24,796,661	30,086,211	7,565,835	2,061,748	2.2	6.4	7.8	4.5	.5	2.2
Earthen, stone and china ware, including bricks and tiles, crucibles, pottery and china decorating.....	175,477,140	293,010,582	4,353,241	6,582,284	9,387,623	10,787,047	7,223,160	2.5	2.2	3.2	6.2	2.5	3.8
Cutlery and edge tools:													
Table cutlery.....	5,606,000	4,862,906	188,623	2,379,848	3,458,756	267,377	43,435	3.0	48.9	71.1	4.6	.9	5.0
Razors.....	4,912,000	24,633,423	472,252	4,150,803	5,715,089	473,045	70,462	9.6	16.8	23.2	9.6	.3	1.7
Knives, pen or pocket, etc.....	4,085,000	6,624,514	507,120	3,606,376	3,999,082	1,302,255	139,442				31.9	2.1	8.8
All other cutlery.....	4,838,000	26,038,024	1,115,303	6,015,901	5,904,442	856,679	215,406	10.8	29.5	30.3	7.8	.8	2.4
Edge tools.....	6,100,000												
Total.....	25,541,000	62,178,872	2,263,298	16,352,928	19,077,369	2,899,356	468,745	9.0	26.3	30.7	11.4	.8	3.0
Lead:													
Ore.....													
Bullion and pigs and bars (smelting and refining).....	171,578,587	192,635,000	2,610,207	5,960,979	2,948,799	418,455	1,546,031	1.4	3.8	3.1	.3	.9	4.2
Manufactures.....	7,430,957	16,802,000		2,155,362	3,586,251	60,207	17,815					.8	.1
Total.....	179,009,544	209,437,000	2,610,207	8,106,371	6,535,050	625,950	1,760,209	1.4	3.8	3.1	.3	.8	3.9

Aluminum ware.....	75,253,301	336,940	21,380,801	9,047,918	757,891	22,634	922,581		3.8	.03	1.1
Chocolate and cocoa.....	38,712,810	133,720,473	5,500,745	5,500,745	738,303	332,176	488,995		2.0	.2	.4
Eggs.....	5,698,157	20,594,445	5,181,792	5,550,619	1,019,949	49,553	100,471		1.8	.2	.4
Fur.....	20,711,970	654,372	3,398,687	5,846,830	1,596,531	1,596,531	1,886,503		10.2	3.2	3.8
Burlin and linoleum.....	68,110,184	720,087	3,678,730	2,602,297	1,877,399	1,129,215	1,222,101		7.3		1.8
Oils and greases.....	145,628,691	350,631,246	25,504,438	28,460,668	2,358,556	1,266,274	3,182,067		1.6	1.3	1.9
Paints and varnishes.....	2,813,578	23,866,157	3,351,978	4,481,182	386,159	257,381	618,430		14.2	1.1	2.6
Asbestos, manufactured.....		687,078									
Furs.....	2,875,098	20,353,127									
Dressed on the skin.....	37,349,744	82,069,788		6,613,688	{ 3,296,698	3,111,626	3,080,973		114.8	15.3	15.1
Hats, fur-felt.....					2,464,726	2,755,485	4,111,635		2.7	2.4	
Garmets and other manufactures.....	43,632,693	173,080,739	7,474,873						3.0	1.1	1.5
Total.....	88,867,473	276,123,654	7,474,873	6,613,688	5,764,424	5,867,111	7,192,608		2.7	2.4	2.6
Automobiles and parts of.....	632,831,000	3,011,241,424	151,688,150	286,480,581	1,354,955	394,063	958,403		5.2	8.8	.03
Clocks and watches:											
Clocks.....	11,031,720	23,380,190	3,920,514	4,887,972	931,040	157,137	531,095		16.8	21.0	8.4
Watches including parts of watches and clocks	23,120,815	53,046,299	2,273,045	2,145,463	3,344,168	12,222,466	14,280,047		6.3	4.0	23.0
Total.....	34,152,535	76,426,489	6,193,559	7,043,435	4,275,208	12,379,603	14,791,142		8.8	9.2	19.4
Glucose and corn sugar.....											
Starch.....	36,831,620	134,648,209	4,565,919	10,067,830	9,073	3,040	5		11.3	7.4	.02
Umbrellas, parasols, etc.....	15,787,781	1,825,230	15,562,165	8,945,524	440,425	259,615	813,649		30.1	17.3	2.8
Canes, sticks for.....	13,813,353	25,307,391	29,903	746,401	119,301	32,988	117,203		2.7	2.9	1.6
Wire.....	81,841,012	162,151,236	13,137,836	52,017,723	100,628	25,446	75,005		16.3	32.1	1.2
Wire work, including wire rope, etc.....	41,788,394	90,513,224	2,085,463	9,816,965	490,201	316,457	670,970		5.0	11.5	10.8
Toys and games.....	13,756,748	45,720,000	2,869,529	4,189,592	9,090,300	2,835,526	9,687,582		6.3	9.1	66.1
Carpets and rugs (other than rag)	69,128,185	122,194,000			4,769,769	2,907,556	9,665,683		8.2	8.1	12.1
Hardware.....	73,319,697	144,854,000	6,081,879	17,474,824							
Grand total.....	3,687,619,078	10,908,368,948	137,619,438	941,608,791	190,436,965	151,284,605	293,257,969		3.7	6.5	8.6
Industries.....			704,198,040						5.2	1.4	2.7

Relation of customs tariff rates to production, wages, trade extension, and cost of living—Continued.

Industry.	7		8			9				10	11		
	Domestic wages.		Per cent of wages to domestic manufacturer's selling price.			Tariffs, average ad valorem rates.				Per cent tariff rates to wages.	Tariff protection to manufacturers (in millions of dollars).		
	1914	1919.	1914	1919, and wages.	1919, wages and salaries.	Payne law, 1913 (fiscal).	Underwood law, 1919 (calendar).	Apparent rates as written in bill.	Actual rates, American valuation.	1914 1919	A. 1914 (fiscal), Payne rates. ²	B. 1919 (calendar), present law.	C. Payne rates applied to 1919 production. ⁴
Cotton manufactures (not including carpets, handkerchiefs, and wearing apparel):													
Woven goods (including plain and fancy cloths and silks, etc., including tapestries):	\$148,954,518	\$351,186,763	21.6	24.0	16.3	43.4	22.9	23.93 per cent.	49.4 per cent.	200	141		
Other manufactures (known as "cotton small wares"):						33.5	22.6	23.6 per cent.	48.9 per cent.	155	118		
Laces, etc.	3,468,081	6,088,557	26.3	35.4	20.7	62.4	59.9	45 per cent.	135 per cent.	237	289		
Total.	152,422,599	357,273,340	21.7	24.2	16.3	54.2	34.2			250	210	246	769
Silk manufactures (not including handkerchiefs and wearing apparel):													
Woven fabrics:	47,108,469	112,132,099	18.5	22.7	15.7	53.9	45.2	31 per cent.	60-74 per cent.				
Laces, embroideries, etc.						62.6	60.0	42 per cent.	138 per cent.				
All other manufactures:						39.7	30.1	31 per cent.	60-74 per cent.				
Total.	47,108,469	112,132,099	18.5	22.7	15.7	50.5	42.6			273	211	85	240
Wool manufactures, including felt goods (except carpets and wearing apparel):													
Felt goods:	2,069,243	4,640,600	15.3	23.2	12.4	95.5	35.0	44 per cent.	73.3-236 per cent.	624	282		

Woven fabrics.....	75,953,444	169,010,015	20.0	22.9	15.6	93.2	35.0	44-58 per cent.	73.3-236 per cent.	490	203	192	265	538
Laces.....						91.1	60.0	42 per cent.	138 per cent.			108	192	298
All other manufactures ¹							19.2	25 per cent.	52.5 per cent.			32	53	70
Total.....	76,042,687	172,650,615	19.8	22.8	15.6	93.0	31.6							
Hosiery and knit goods.....	59,763,151	124,945,650	23.0	27.4	17.6	72.0	38.9	35-45 per cent.	76.5-87 per cent.					
Shirts, men's—cotton or flax	19,169,697	25,900,148	21.0	24.7	12.6	50.0	30.40	33½ per cent.	70-53 per cent.					
Collars and cuffs:														
Cotton.....								25 cents per dozen	43 per cent.	225	192	7	11	17
Linen, etc.....	4,494,146	7,428,479	24.2	29.6	15.6	59.6	30.0	and 12.5 per cent.						
Corsets, cotton, flax, silk.....	7,976,721	13,080,990	19.7	30.2	17.3	50.40	30.0	33½ percent plus	70-140 per cent.	269	231	14	22	26
Gloves, leather.....	4,538,360	8,091,348	21.0	27.5	17.2	43.4	13.7	37.5 per cent plus	107 per cent.	216	78	7	6	15
Glassware, including plate	59,943,406	108,990,117	35.7	42.2	28.3	51.5	35.2	28-40 percent	62-120 per cent.	144	124	57	100	131
and window glass, glass														
cutting, mirrors, and op-														
tical goods.....														
Earthen, stone and china	71,745,247	108,557,300	41.0	48.6	37.0	58.2	47.6	10-50 per cent.	26-210 per cent.	142	127	65	94	108
ware, including bricks														
and tiles, crucibles, pot-														
tery and china decorating														
Cutlery and edge tools:														
Table cutlery.....	2,082,000	2,114,878	37.2		43.5	42.2	30.0		100-113 per cent.					
Razors.....	311,000	3,942,711	16.5		16.0	68.6	54.3		95-247 per cent.					
Knives, pen or pocket,														
etc.....	2,045,000	4,456,697	50.1	44.0	67.3	75.5	49.2		152-435 per cent.					
All other cutlery.....	1,971,000						30.0							
Edge tools.....	2,166,000	9,530,417	37.8		36.5	52.1								
Total.....	9,076,000	20,044,703	35.5	44.0	32.2	63.0	39.3			177	122	10	18	24
Lead:														
Ore.....														
Bullion and pigs and	6,131,274	5,661,727	3.5	4.4	2.9	54.6	15.7	14 cents per pound	40 per cent.					
bars (smelting and						102.2	25.0	2½ cents per pound.	50 per cent.					
refining).....														
Manufactures.....	406,614	1,035,243	5.5	10.7	6.2	41.5	20.2	21 cents per pound.	40 per cent.					
Total.....	6,540,888	6,696,970	3.7	4.7	3.2	99.4	23.9			2986	747	89	40	104

¹ Courtesy Bureau of the Census, subject to final adjustment, essentially correct.

² The "apparent" Fordney rates, being those written in the bill, mean nothing for comparisons. They look low, but are to be applied under a new "American valuation clause" to American wholesale prices, whether such prices are made by price-fixing or otherwise. The "actual rates" here shown are figured on foreign costs in connection with domestic prices, or from foreign costs plus usual wholesale charges where other means are not available.

³ The Payne law was operative only July 1-Oct. 3 of this fiscal year 1914. As there is no other census of production since 1909, we use the Payne rates to the 1914 census as indicative of prewar Payne conditions.

⁴ As the Fordney rates are higher than the Payne and the Senate is urged to enact rates equal to the Payne, this column indicates what this might cost in a prosperous year of high prices.

⁵ These are mostly finished products like braids, pillow cases, thread, and belting. In 1919 they totaled in cottons only \$12,083,412; in silks \$13,721,087; and woollens, \$2,144,333.

Relation of customs tariff rates to production, wages, trade extension, and cost of living—Continued.

Industry	7		8		9			10	11				
	Domestic wages.		Per cent of wages to domestic manufacturer's selling price.		Tariffs, average ad valorem rates.			Per cent tariff rates to wages.	Tariff protection to manufacturers (in millions of dollars).				
	1914	1919	1914		Payne law, imports 1913 (fiscal).	Underwood law, imports 1919 (calendar).	Fordney bill, 1921.*	1914	1919	A. 1914 (fiscal), Payne rates.	B. 1919 (calendar), present law.	C. Payne rates applied to 1919 production.	
			Wages.	Wages and salaries.	Wages.	Per cent.	Per cent.	Apparent rates as written in bill.	Actual rates, American valuation.				
Aluminum ware.....	\$2,611,251	\$15,773,254	13.3	15.8	21.0	45.0	20.4	28 per cent.....	62.4 per cent.....	338	6	13	22
Chocolate and cocoa.....	2,035,598	8,790,077	5.7	9.8	6.6	22.9	9.0	17.5 per cent plus.....	32.2 per cent.....	402	7	11	2
Files.....	2,135,435	6,192,444	38.0	46.4	30.2	56.1	25.0	15-55 per cent.....	28-275 per cent.....	148	2	4	6
Buttons.....	6,424,399	13,772,079	31.0	36.9	27.4	49.1	35.9	40-50 per cent.....	100-400 per cent.....	153	7	13	17
Oilcloth and linoleum.....	3,213,315	7,718,966	12.6	16.2	11.3	43.1	32.4	20-28 per cent.....	38-62 per cent.....	342	8	17	21
Paints and varnishes.....	10,180,288	23,715,030	6.9	16.7	6.8	30.9	11.4	Paints, etc., 25 per cent; varnishes, 25 per cent plus.....	Paints, 52; varnish, 81 plus.....	448	34	36	83
Asbestos, manufactured.....	483,736	3,731,094	17.2	25.0	15.1	28.7	17.3	Specific rates; all others 20 per cent.	67 per cent.....	167	1	4	5
Furs:													
Dressed on the skin.....	922,866	7,089,807	32.1	11.6	34.8	20.0	30.0	20 per cent.....	38 per cent.....				
Hats, fur-felt.....	12,070,812	19,619,386	32.3	37.5	23.7	50.8	45.0	10-50 per cent.....	16-210 per cent.....				
Garments and other manufactures.....	6,334,661	24,089,294	14.5	20.9	13.9	38.0	20.3	50 per cent.....	175-210 per cent.....				
Total.....	19,328,439	51,768,257	28.0	28.0	18.7	28.2	28.5			114	17	56	57
Automobiles and parts of...	101,926,870	490,767,670	16.1	22.0	16.3	45.0	35.0	25 per cent.....	44-50 per cent.....	280	196	780	935
Clocks and watches:													
Clocks.....	3,653,146	7,891,611	33.1	41.7	33.6	40.3	30.0	35-40 per cent.....	92-120 per cent.....				
Watches, including parts of watches and clocks.....	9,842,118	21,007,563	42.6	48.4	39.6	34.4	27.8	40 per cent.....	104-120 per cent.....				
Total.....	13,495,264	28,899,174	39.2	46.3	37.8	35.8	27.8			91	9	17	20

Glucose and corn sugar.....	2,328,565	7,930,957	6.3	9.8	5.9	41.9	14.9	20 per cent.	35-46 per cent.	668	253	11	17	40
Starch.....	1,283,000	4,027,336	7.7	11.8	7.8	52.2	12.7	16 per cent.	40 per cent.	678	163	5	6	16
Umbrellas, parasols, etc.....	2,167,453	3,944,328	15.7	23.2	13.2	49.9	34.4	35 per cent.	91.7 per cent.	290	246	4	6	8
Canes, sticks for.....	11,020,720	29,289,687	13.5	17.1	13.6	40.0	30.0	30 per cent.	70 per cent.	277	81	2	21	44
Wire work, including wire rope, etc.....	6,719,222	15,488,972	16.1	23.0	17.1	37.4	15.0	30-30 per cent.	32.5-57 per cent.	292	111	13	14	29
Toys and games.....	3,486,866	11,874,000	25.4	32.7	28.0	47.0	19.0	20-40 per cent.	32.3-93 per cent.	138	373	4	12	12
Carpets and rugs (other than rag).....	14,715,815	24,216,121	21.3	25.4	19.8	40.0	35.0	28-40 per cent.	42-120 per cent.	275	241	26	40	45
Hardware.....	22,583,132	41,203,530	30.9	40.8	28.4	53.6	47.8	36 per cent.	51-82 per cent.	148	70	23	24	45
Grand total.....	747,085,024	1,846,689,901	20.3	.....	16.9	45.0	20.0	35 per cent.	91.7 per cent.	.....	.....	1,307	2,663	3,771

29 industries.

Mr. MILES. Yes, Senator. These tables show that the United States was helped rather than hurt industrially by the war. It is by far the greatest manufacturing nation in the world, showing in 1919 a total production of manufactures of \$62,000,000,000 as reported in the census, but only about one-third of that, or \$20,000,000,000, when allowance is made for duplications.

This allowance, by the way, is important.

It is erroneous to state our exports of highly finished manufactured products in percentages of this \$62,000,000,000. In this gross total, for instance, hides are counted and then recounted as leather, which is again counted in shoes and handbags. So pig iron is counted, and then recounted as castings, which are again counted in machinery. In comparing exports of highly finished products with this census total either this total must be divided by three or the highly finished exports multiplied by three. We then see that we are getting on better than usually reported; with this further advantage that these exports carry a minimum of raw materials, which we should conserve, and a maximum of wages and intelligence, which we want to expend.

Our most highly protected industries are now exporting great totals, showing less need of highly protective duties than heretofore; among these industries being cottons, glassware, cutlery, furs, automobiles, chinaware, and hosiery. Our imports of highly finished products, prewar and postwar, have been so small a percentage of domestic production, often only from 2 to 8 per cent, that it seems foolish to wish to restrict them and further lessen our enjoyment of articles of taste and convenience.

In the 29 highly finished industries shown in our table exports increased from \$137,619,000 in 1914 to \$941,609,000 in 1920, or 700 per cent, while imports increased only from \$190,437,000 to \$293,258,000, or 50 per cent.

The most remarkable fact concerning imports is not indicated by figures. Our imports of highly finished products are three-fourths noncompetitive, in that they differ in quality or design from domestic products, and are of a kind that domestic manufacturers are generally indisposed to produce. Our genius and the nature of the domestic market impels us to "quantity" production. Three weeks' inquiry in New York City failed to find a piece of cotton cloth made abroad and retailing here at less than 40 cents per yard against the same cloth of domestic manufacture. Scarcely a yard of silk is imported of the kind commonly used, except only the thin, Japanese silk used for linings, which only one domestic manufacturer seems disposed to make. So of woollens, hosiery, glassware, chinaware, collars and cuffs, furs, and other highly finished products. Strictly competing products are virtually embargoed, not, presumably, always by the tariff, for some rates are low, but in the latter case by the genius and energy of our manufacturers and wage earners. The tariff wall now is so high on most highly finished products from abroad that they retail here at three times the foreign manufacturers' sales price, or 50 per cent more than the same goods retail abroad. These high tariff rates invite domestic manufacturers to agree upon and enforce such prices as they want up to the top of the tariff wall. Any such increases as the Fordney bill with its American valuation clause proposes would so advance prices of imports of this kind as to virtually stop the revenues of the Government from

such imports and to cause them to be bought only by such few rich people as are careless about prices. It is much that way now.

The present tariff rates, which were generally low when made, now give nearly twice the protection, measured in dollars, that the excessive Payne rates gave in 1914. The Senate is urged to reenact the Payne rates. Pages 5408-5411, column 11, show the incomprehensible total that this might cost when prosperity returns if the manufacturers get it and pass it on to the public with the usual increase in prices.

The National Employment Conference declares that high prices are at the bottom of much of our difficulties. The Fordney bill would add billions to prices the American consumer would have to pay. The United States still needs protection, but of a moderate sort. Our factories will be continuously from a fourth to a third idle unless we have great foreign markets.

There are only four great manufacturing nations in the world—Great Britain, France, Germany, and the United States. There seems to be much fear of a revitalized Germany; fear that she will be able to manufacture all kinds of goods so cheaply that she can undersell us here and in the markets of the world. An essential factor in meeting this competition is to deflate the tariff and thereby reduce the cost of production. This deflation will save consumers about \$4,000,000,000 annually, and then will follow deflation of prices and of costs of production. Congress objects to high prices, and yet it is the chief offender, because it makes the first price advances in superprotective tariff rates upon which pyramiding acts to the limit. Congress, by deflating the tariff, can cease furthering Germany's advantage from high living and production costs in the United States against low costs in Germany. We can keep German products out of the United States, but we can not keep them out of the neutral markets of the world; and if the factories of the United States are to be kept busy, they must go more and more after foreign markets. This means tariff deflation.

I dislike to mention undervaluations, because to me the dishonesty concerning undervaluations is in those who are willfully making the public believe that there are over 5,000 known cases of dishonest valuations annually, when there are so few as not easily to be estimated. Undervaluation cases mostly concern honest entries at actual purchase prices, believed, however, by the appraisers to be below the general market prices in the country of purchase at the time of exportation, which latter prices are required by the law.

For instance, John Wanamaker, in our early days of golf, employed a Scotch expert who secured the control in America of the famous Silver King golf ball by an enormous purchase contract at 15 per cent below current prices in England, the country of manufacture and sale. Unfamiliar with our law, this expert entered several shipments at his cost price and was amazed when heavily penalized for not entering at the higher current English price. Such errors of judgment constitute over 90 per cent of so-called undervaluations. The penalties are too severe to be risked by importers desirous of staying in the business. You can make them heavier if you wish. As you doubtless know, experts now say, after recent exhaustive consideration, that with 25 more valuation experts abroad there will be no fraudulent undervaluations of consequence.

America's first tariff: This has a lesson for us. It was framed by Alexander Hamilton and passed on July 4, 1789, being the first act of Congress under our present Constitution. It was plainly written, so that each Member of Congress knew what he was voting for and the people knew what they were to pay for.

In this first tariff only saltpeter, crude metals, wool, cotton, dyes, and furs were free. The minimum rate for all else was 5 per cent. The purpose of the act is stated in section 1: "It is necessary for the support of this Government, for the discharge of the debts of the United States, and the protection of manufacturers."

The protective rates on highly-manufactured articles were in the language of the law [part of the first American tariff, referred to, is as follows]:

On all looking-glasses, window and other glass (except black quart bottle); all china, stone, and earthenware; gunpowder; all paints ground in oil; shoe and knee buckles; gold and silver lace, and gold and silver leaf, 10 per cent ad valorem. On all blank books; all writing, printing, or wrapping paper, paper hangings and pasteboard; all cabinet wares; all buttons; all saddles; all gloves of leather; all hats of beaver, fur, wool, or mixture of either; all millinery ready made; all castings of iron and upon split and rolled iron; all leather tanned or tawed, and all manufacture of leather except such as shall be otherwise rated; canes, walking sticks, and whips; clothing, ready made; all brushes; gold, silver, and plated ware, and on jewelry and paste work; anchors, and on all wrought, tin, and pewter ware, 7½ per cent ad valorem; playing cards, per pack, 10 cents; carriages, 15 per cent.

The section here quoted is in length about one-fifth of the whole tariff. Manufactures were 7½ to 10 per cent. Only carriages were higher.

American craftsmen were already unusually capable in several fields. Their tendency to take the American market from competitors in the mother country and England's retaliatory legislation being one of the provocatives of the Revolution. Contrast these rates for truly infant industries with the present rates of three to five times these amounts to the most successful industries in the world.

This first tariff occupies three pages of large type in the Treasury volume on American tariffs, each page being about the size of the Fordney bill. Half the space is given to specific duties on foods and a few manufactures, one page to drawbacks on reexports. The remainder is quoted above. Contrast these three pages with the 338 pages required by the Fordney bill for its circumlocutions, for the bewilderment and deception both of Members of Congress, not 15 of whom knew what they were voting for, and of the public that could never know what it was paying for. The jockeying silk schedule in the House bill is longer than the whole tariff that fair-minded Alexander Hamilton wrote. It is easier to write a clear and just protective tariff than the sort we have had for 40 years. An obscure law invokes suspicion, if not offhand condemnation. All recent tariffs contain dozens of provisions purposely made obscure by interested persons, misusing the good will of Congress and costing untold millions of dollars, and with no more relation to protection than pocket-picking to hard labor. This is commonly known among the industrial interests. These provisions were injected in the name of labor and American institutions.

It is unpleasant to speak of the fundamental difficulty in our tariff situation for a generation, its dishonesty.

We are an honest people, manufacturers are honest, but there has developed in the domain of the tariff a special code of morals like the code for poker that disregards common rules. Everyone knows this. Manufacturers know it and most of them hate it. Only a few of them appear before committees of Congress, being those mostly with axes to grind, often using every form of indirection and of disingenuousness. I know because they tell me so. It may be necessary sometime to give the unhappy particulars. Said a great woolen manufacturer after their hearing before the Payne committee, "If I had to listen for two weeks to the sort of stuff we gave this committee to-day I would be a rank free trader myself." Said Chairman Payne to me, in humiliation and regret, "I could change the woolen schedule just as easily if they would only let me."

Overprotected manufacturers are demanding the reenactment of the Payne rates. This justifies comment on the genesis and excesses of that law and others of its kind.

The McKinley tariff of 1890 was five times higher than Hamilton's tariff, written 101 years before. Its title stated its purpose: "To reduce the revenue." Col. George Tichenor, later chief of the Board of General Appraisers, who drafted the law, said, "President-elect McKinley is well aware that the controlling purpose in the preparation of the McKinley bill was to dispose of and prevent the accumulation of surplus revenue." Consequently many rates were made higher than they otherwise would have been and articles were put upon the free list that should not have been.

There is protection for you. Many articles embargoed, and others deserving protection put on the free list. Dozens of trusts were quickly formed behind this tariff wall of exclusion to exploit the public, which showed its resentment by giving the Republican Party the first defeat in its history. There followed, in 1894, the Democratic Wilson law—"a tariff of perfidy and dishonor," said President Cleveland, who refused to sign it. It reduced the McKinley rates only 4 per cent.

Then came the Dingley law of 1897. It was 15 per cent higher than the McKinley. "The Dingley rates were made high for trading purposes in making treaties of reciprocity," said Senator Dolliver. "I know because I was on the committee that made them." The Senate under pressure withheld approval of these treaties, so the overprotected interests were another 15 per cent ahead.

An angry public saw trusts multiply and prices rise. It reelected the Republican Party, however, in 1908 on its candidate's pledge of revision downward and the platform pledge of duties that measured the difference in costs of production here and abroad. There followed the Payne tariff of 1909, which violated all pledges by virtually reenacting the Dingley rates, its duties running from two to twenty times the difference in costs of production here and abroad. For the second time in its history the party was defeated, as Chairman Payne predicted.

Easier competition abroad and relatively lower costs at home would make the Payne rates now a curse to industry and to international relations. They would enslave the public, lower wages, raise living costs, foster trusts and profiteering, and keep our factories short of work unless they again got foreign business at a

third to a half of domestic prices as in the Payne days. They would make friendly nations that owe us \$18,000,000,000 permanently unable to pay us. The entreaties in French papers for two years would continue: "Don't buy from the United States. No ill-will, but if you buy your country can not pay." There would come quickly a change in political power and the distress of another tariff revision.

Our Nation can't live in prosperity or honor until Congress puts every tariff witness under oath (as the Underwood committee did, be it said to its honor), compels him to submit his cost books, which he can do with utmost convenience if required, and fixes his rates upon the basis of ascertained facts instead of disingenuous conversations. We could stand loose ways when competition was in force and kept prices down; also when we were not requiring foreign markets for our manufacturers, and low living and production costs both for home and foreign consumers. We can not stand it now, with competition weakened, or lost, with price-fixing on every hand, and foreign markets necessary to prosperity.

In Athens, the supremely great republic of antiquity, as Bryce says in his Modern Democracies, if any citizen gave the general assembly, the congress, bad advice which it followed, he could be indicted by any citizen whatsoever, and if convicted was liable to banishment or death. There would be a considerable shortage of manufacturers who have come before your committee if they were so indicted.

Senator McLEAN. That is, if a legislator introduced a bill in Congress, he ought to be hanged?

Mr. MILES. No, sir; but if any citizen, in Congress or out, misleads the legislature, the fountain of law, his life was as nothing as against the purity of this fountain of law, of social and economic order.

Gloves: I find here a statement on gloves. The United States may be called the bare-handed Nation. Its Republican Congresses have required its male population to go without gloves. Standing at the entrance to the House of Representatives I sometimes wonder if any of its Members wear gloves. My newest pair is two years old, and inquiry seldom finds a man with a newer pair. Few self-respecting men would pay the prices of recent years, though cold and soiled hands are an uncomfortable and unhealthy alternative. Why not make cleanliness and health a consideration in the next glove schedule. One had to go to Europe in prewar days, where gloves were half our prices, to learn how comfortable they are.

Factory prices of gloves advanced from \$8.15 per dozen pairs in 1914 to \$24 during the war; another quality from \$18 to \$44; another that was \$12.25 in 1914 was \$23 in September, 1921. These prices were about doubled to consumers.

To most women gloves are, by custom, about as necessary as stockings. To the Payne Republicans, however, stockings were luxuries, being dutiable at 72 per cent, though made as cheaply here as anywhere, while leather gloves were then averaging 45 per cent. The Fordney bill rates stockings about 75 per cent and leather gloves 80 per cent.

Our women must now wear imported gloves with the present vogue of thin dresses, because there is no real women's kid-glove industry in America, we are assured, even after years of protection,

and no workers capable of making good women's kid gloves, although a few good men's kids are made from imported skins.

For 20 years, barring the war period and the present days of distress, the industry has been so overprotected that it could force its coarser quality upon the public at profitable prices.

Its lambskin oversewn gloves are to-day \$12 per dozen against \$9.25 at foreign factories. The domestic quality is so inferior in workmanship that the leading store in Washington will not even look at samples. Domestic lambskin pique are \$9.25 per dozen, against \$8.75 foreign, with similar differences in quality. These last prices show only 7 per cent higher prices for domestic than imported and no need of protection. Retailers say that American cape gloves—that is, goat or dog skin—both men's and women's, are made as good in quality and at as low cost here as abroad. Women's cape gloves are sold to-day by American factories at \$16.50 per dozen, against \$16.73 at European factories, showing a lower factory price here and no need of protection. Some great stores prefer the foreign quality, however.

Mens' goat and dog skin "cape" gloves are priced by domestic makers to-day at 13 per cent above foreign factory prices, showing just the duty added. Any duty will be added to factory prices and pyramid to double the duty at retail.

Undoubtedly domestic production would be greatly stimulated by improvements in quality, and a low tariff on cape gloves would require this improvement. Inspection of factories shows the work to be usually little skilled and very rapid.

The Payne duties averaged 45 per cent against 21 per cent total wages in those days. To-day the duty averages 13.7 per cent against wages of 17.2 per cent or three-fourths of the wages. The glove lobby has been insidious and expert at tariff manipulations. The House bill would raise the duties to 80 per cent or more, being five times the present rates. Domestic makers would use this or other high rates as they used their war-time opportunities.

Glove leather is protected 10 per cent, which may add 5 per cent to domestic cost of gloves.

Only \$950,000 of this leather was imported in 1920. The production of gloves in 1914 was \$21,600,000, rising in 1919 to \$46,800,000, the increase being mostly in prices.

The protection given the industry in the fiscal year 1914, Payne law, was \$7,000,000; in 1919, \$6,000,000. The Fordney bill would make this \$15,000,000. These amounts would be doubled at retail.

The glove tax is an especial burden to the army of men and women office workers who must have hands both clean and warm upon entering their work places. Most glove schedules have been determined by political manipulation rather than essential facts.

An attempt is under way by manufacturers in the American Valuation Association to flood Congress with cooked-up petitions from wage earners in behalf of the American valuation clause.

It will be fair to consider these petitions from wage earners as if signed only by the 30 overprotected manufacturers who constitute the executive committee of the American Valuation Association.

At least 26 of these 30 men are officials in overprotected industries that enjoy, under unjust tariffs, a virtual monopoly of the American

market, except for the temporary German situation, which situation, as the counsel of the American Valuation Association has told me, can not be corrected by the American valuation clause.

This association has written manufacturers throughout the country inclosing for their use a scare circular headed "Wake Up, Workmen. Your Jobs Are in Danger;" also a petition which each manufacturer is to have his employees sign. The letter of instructions says in part:

The voice of the employees has not yet been heard in Washington. It will be the deciding factor, we believe, in getting quick results on tariff legislation, based on American valuation.

Will you please see that this appeal and petition is placed in the hands of every plant and business organization of every kind in your community? We will send you as many copies as you need.

Please understand that the success of the tariff legislation that we are now so earnestly working for depends very largely upon your efforts in putting before your Congressman and Senators this direct appeal from the employees in your section.

The circular to wage earners makes the statement, false upon its face, that there is "an unrestricted flow of foreign merchandise into this country, producing ever-increasing unemployment and jeopardizing our industrial fabric," all of which they are to petition you to correct by passing immediately "an adequate tariff law based upon American valuation."

There is not a word in this scare circular that explains the American valuation clause or defines it in any respect to these workmen who are asked to advise you concerning it. I doubt if 1 per cent of the petitioners know that the purpose behind this petition is American valuation. They certainly won't know the significance of the clause.

What a way to frighten and mislead workmen, to influence some Congressman, and to manufacture cheap ammunition for advocates of the American valuation clause.

Senator JONES. Mr. Miles, I would like your views about the balance of trade in favor of the United States and our expanding our foreign trade. How can we get paid for our exports?

Mr. MILES. Before the war we were satisfied with an international trade of \$3,000,000,000, with an apparently favorable balance of \$300,000,000, which was absorbed by ocean freights, foreign travel, etc. In those days the United States was likened to a huge stevedore bearing down to the ships of the sea the irreplaceable heritage of the ages—the chemical values of the soil, raw materials from mines and forests—only manufactured enough to get them on shipboard; for instance, hides, flour, copper, iron, and petroleum, with a mere sprinkling of highly finished products. She bought back many of these products in a highly finished state at ten times to a hundred times their export price. We exported raw materials with just enough brains to get them on shipboard; we imported the highly developed industrial skill, the brains of Europe, with just enough material to carry the brains; for instance, we exported cotton at 14 cents per pound and bought it back from Switzerland in fine handkerchiefs at \$40 a pound.

Since the war we have entered all foreign markets with our highly finished products, and instead of \$300,000,000 of favorable balance we reached \$3,000,000,000 of favorable balance and should never be content with less than \$2,000,000,000. We must have this much or

our shops be idle and wage earners underpaid. Our genius is for quantity production. Our vast natural resources and large population make for this. Opposite conditions make other nations produce in smaller quantities and more exquisitely. Our cultural development requires their products; their common necessities require ours. We should exchange freely and liberally, subject to our policy of protection, moderately and considerably applied.

Nothing under providence will so conduce to our intellectual, cultural, and economic development as this favorable net balance in international trade that other nations can pay only by some \$2,000,000,000 of their securities annually accumulated in such fundamental values as water powers, mines, railways, docks, banks, real estate, and what not. The wealth of the world is not in money, but in these other things, represented by securities. The rich never want to collect their principal, but only their interest, safely and forever. Think of our grandchildren with enough income from abroad to pay half the cost of government, an income that the foreigner can better afford to pay than our West paid our East for the means of its development. England's world dominance came in this way. She owned a considerable part of the wealth of the United States in our youth and early maturity. She gripped the good things of the world everywhere. Think of England's world-wide understanding, her international ties and appreciations, developed through trade. Germany followed with a billion dollars net gain annually in foreign securities. It is now our turn, and in the new brotherhood of nations we will be as safe as is the citizen of one of our States in dealing in another State. Our own breadth of intelligence and our influence will be largely in proportion to our foreign investments.

Dr. C. A. Eaton, doctor of divinity, economist and publicist, says, "In the Middle Ages the church was the agent of civilization, now industry is the agent of civilization." Dr. Eaton puts it strongly. Industry is, however, a supreme agent of civilization, and it is for the United States, through industry, to serve all of the sons of men, of whom there are 1,500,000,000 in nonmanufacturing nations looking to us to-day for a large part of their manufactured requirements.

You have asked me to extend our analysis to other industries. I will do this in the revision of this statement.

Senator JONES. Personally I desire to thank you, Mr. Miles. I have listened to you with very great interest.

Mr. MILES. Thank you.

AMERICAN VALUATION.

REPLY OF THOMAS J. DOHERTY, NEW YORK, N. Y., TO LETTER OF R. R. FARROW, CANADIAN COMMISSIONER OF CUSTOMS AND EXCISE.¹

In a letter dated Ottawa, Canada, September 10, 1921, Mr. R. R. Farrow, Canadian Commissioner of Customs and Excise, uses the following language:

"Mr. Doherty states that the recent amendment to the customs act respecting value for duty of goods imported from countries where the currency is depreciated was determined upon 'against the advice of the minister of customs and the commis-

¹ See American Valuation (first volume), p. 342.

sioner of customs, who warned him (the minister of finance) that the legislation was not advisable, but that he chose to ignore their views, and the result is they are not getting the goods they want.' He further states that 'instead of getting a large revenue from those goods they are getting none at all.'

"These statements are absolutely false and untrue, and were not made by the commissioner of customs to Mr. Doherty, as stated.

"I may add that the bill to amend the customs act in the particular referred to was introduced in Parliament by the minister of customs and not by the minister of finance, and that I, as commissioner of customs, did not speak or write to any minister or official of the Canadian Government concerning the matter."

These very severe comments of Mr. Farrow greatly startled and shocked me, as I was entirely unconscious of having made any false or misleading statements or of having ascribed to Mr. Farrow any statements that he did not make. Upon examining carefully the report of the hearing I find that I had quoted things that were said to me by various persons in the Dominion besides Mr. Farrow, and that the report could be construed as indicating that Mr. Farrow was the only source of my knowledge. To this extent only is Mr. Farrow justified in his criticisms, but he is not justified in his manner and tone of making them.

I do feel bound to say, however, and I do say, that Mr. Farrow told me he disapproved the currency measure as it was enacted into law and that he said its effect on the revenue was the precise opposite of what had been predicted by its proponents.

You are aware that there is more or less commotion at these hearings and that when witnesses are questioned and cross-questioned as they are they do not always attain perfect accuracy regarding details. That is what happened here, and I freely admit that a person reading would get the impression that Mr. Farrow was my sole source of information. As a matter of fact, I talked to a number of persons in Montreal before going to see Mr. Farrow at Ottawa, and I had no notion of crediting to Mr. Farrow the remarks about the representative of the Canadian manufacturers who is said to have advised the minister of finance as to the desirability of the legislation in question.

Sometime since I was shown some Canadian newspaper articles dealing with this episode, and it is plain from them that political exigencies in Canada necessitated my being put in their Ananias club. No consideration whatever would induce me to utter any falsehoods or make any deliberate misrepresentations about Mr. Farrow or any other man, and I have not done so, and I feel confident that those who know me feel the same way.

Mr. Farrow did not send me a copy of his letter, and I was in total ignorance of it until too late to insert this disclaimer in the permanent record in connection with my testimony and Mr. Farrow's letter. I have to request that this statement be made a part of the permanent record, so that the public will be in possession of all the facts relating to the incident, and that a footnote be placed immediately after Mr. Farrow's letter directing attention to the page of the hearings upon which this letter will appear.

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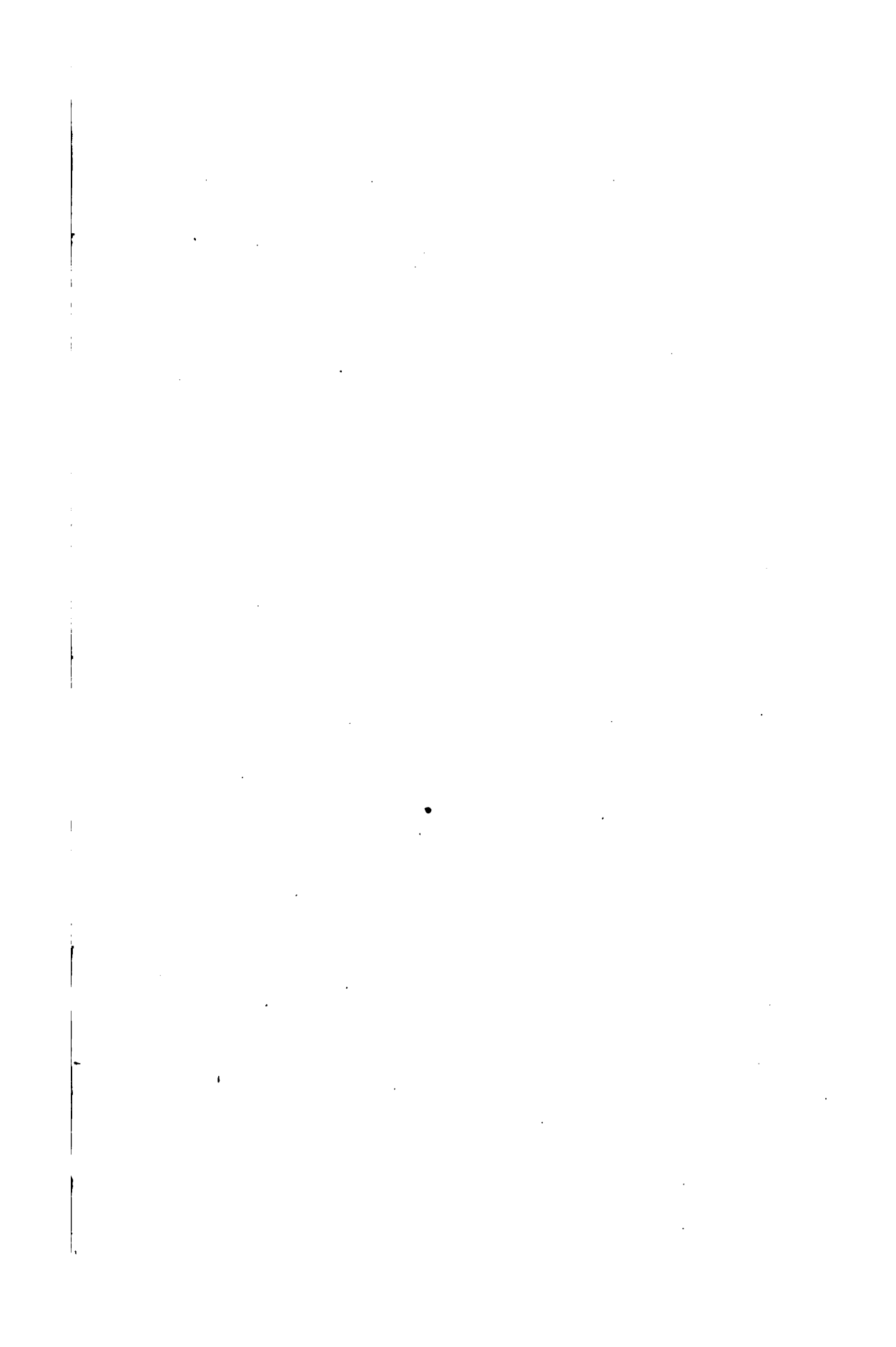
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